# City of Bloomington
# Common Council

# <u>Legislative Packet</u>

Containing legislation and materials related to:

## Wednesday, 13 April 2022 at 6:30pm

## Committee of the Whole


401 N. Morton Street
PO Box 100
Bloomington, IN 47404

Office of the Common Council
Website: www.bloomington.in.gov/council
council@bloomington.in.gov

(ph:) 812.349.3409
(f:) 812.349.3570

# CITY OF BLOOMINGTON COMMON COUNCIL

**AGENDA AND NOTICE:**
**COMMITTEE OF THE WHOLE**
**WEDNESDAY | 6:30 PM**
**13 APRIL 2022**

***Council Chambers (#115), Showers Building, 401 N. Morton Street***
***The meeting may also be accessed at the following link:***
***https://bloomington.zoom.us/j/88085313674?pwd=UVdzVlVSeUFFSUtwR0ZQTnBnSEVvUT09***

**Chair: Jim Sims**

**I.** Ordinance 22-12 – To Amend Title 9 of the Bloomington Municipal Code Entitled "Water" (Rate Adjustment)

Asked to Attend: Vic Kelson, Director, Utilities
Chris Wheeler, Assistant City Attorney

**II.** Ordinance 22-13 – Authorizing the Issuance of the City of Bloomington, Indiana, General Obligation Bonds, Series 2022, to Provide Funds to Finance the Costs of Certain Capital Improvements, Including Costs Incurred in Connection With and On Account of the Issuance of the Bonds, and Appropriating the Proceeds Derived from the Sale of Such Bonds, All for the Purpose of Promoting Climate Change Preparedness and Implementing Equity and Quality of Life Improvements for all City Residents

Asked to Attend: Mayor John Hamilton
Jeff Underwood, Controller
Beth Cate, Corporation Counsel
Bond counsel and financial advisor

**III.** Ordinance 22-14 – Approving the Issuance of the City of Bloomington, Indiana Park District Bonds, Series 2022, to Provide Funds to Finance the Costs of Certain Capital Improvements for Park Purposes, Including Costs Incurred in Connection With and On Account of the Issuance of the Bonds, All for the Purpose of Promoting Climate Change Preparedness and Implementing Equity and Quality Of Life Improvements for all City Residents

Asked to Attend: Mayor John Hamilton
Jeff Underwood, Controller
Beth Cate, Corporation Counsel
Bond counsel and financial advisor

**IV.** Resolution 22-09 – Resolution Proposing an Ordinance to Modify the Monroe County Local Income Tax Rate, Allocate the Additional Revenues to Economic Development and Cast Votes in Favor of the Ordinance

Asked to Attend: Mayor John Hamilton
Jeff Underwood, Controller
Beth Cate, Corporation Counsel

Auxiliary aids are available upon request with adequate notice. Please call (812) 349-3409 or email council@bloomington.in.gov.

**Posted: 08 April 2022**

# City of Bloomington
# Office of the Common Council

# NOTICE

## <u>Wednesday, 13 April 2022</u>

## Committee of the Whole

## Starting at 6:30 pm

This meeting will be held in the Council Chambers (Suite #115, City Hall, 401 N. Morton St) and may also be accessed electronically via Zoom (see information below).

*Join Zoom Meeting*
*https://bloomington.zoom.us/j/88085313674?pwd=UVdzVlVSeUFFSUtwR0ZQTnBnSEVvUT09*

*Meeting ID: 880 8531 3674*
*Passcode: 347581*
*One tap mobile*
*+13126266799,,88085313674# US (Chicago)*
*+19292056099,,88085313674# US (New York)*

*Dial by your location*
*+1 312 626 6799 US (Chicago)*
*+1 929 205 6099 US (New York)*
*+1 301 715 8592 US (Washington DC)*
*+1 346 248 7799 US (Houston)*
*+1 669 900 6833 US (San Jose)*
*+1 253 215 8782 US (Tacoma)*
*Meeting ID: 880 8531 3674*
*Find your local number: https://bloomington.zoom.us/u/kcyjvdnugZ*

As a quorum of the Council or its committees may be present, this gathering constitutes a meeting under the Indiana Open Door Law (I.C. § 5-14-1.5). For that reason, this statement provides notice that this meeting will occur and is open for the public to attend, observe, and record what transpires.

**Posted: Friday, 08 April 2022**

**City of Bloomington Indiana**
City Hall | 401 N. Morton St. | Post Office Box 100 | Bloomington, Indiana 47402
Office of the Common Council | (812) 349-3409 | Fax: (812) 349-3570 | email: council@bloomington.in.gov

**MEMO FROM COUNCIL OFFICE ON:**

# Ordinance 22-12 – To Amend Title 9 of the Bloomington Municipal Code Entitled "Water" (Rate Adjustment)

## Synopsis
This ordinance amends the rates and charges in Title 9 of the Bloomington Municipal Code, entitled "Water", to reflect the repeal of the utilities receipt tax in compliance with I.C. 8-1-2-4.2.

## Relevant Materials
- Ordinance 22-12
- Redline version of Ord 22-12 showing current and proposed rates and charges within Municipal Code
- Memo from Chris Wheeler, Assistant City Attorney
- I.C. 8-1-2-4.2
- Utility Service Board Resolution 2022-02
- Crowe, LLP - Water Rates and Charges Adjustment – HEA 1002 Memo
- Crowe, LLP – Bloomington Municipal Water Utility Schedule of Rates and Charges

## Summary
Ordinance 22-12 amends Title 9 of the Bloomington Municipal Code to reflect the repeal of the utilities receipt tax in compliance with House Enrolled Act 1002-2022 ("HEA 1002"), which was signed into law on Tuesday, March 15, 2022. Prior to January 1, 2022, the utility receipts tax was 1.4% of retail receipts; effective January 1, 2022, the utility receipt tax increased to 1.46%. The repeal of utilities receipt tax requires the utility to adjust its rates and charges to reflect the repeal of the utility receipts tax.

Repeal of this tax by the state legislature means that all utilities that are (1) subject to this tax and (2) under the jurisdiction of the Indiana Utilities Regulatory Commission ("IURC"), must file a rate adjustment that adjusts the water utility's rates and charges to reflect the repeal of the tax not later than May 1, 2022.

This rate adjustment will not have any implications for the budget. The utilities receipt tax was a pass-through tax, which was collected by the utility and forwarded to the state. The repeal of this tax means that the state is no longer collecting the tax from the utility and the utility will no longer collect it from rate payers.

Rate payers will notice a slight decrease in their bill, which will be communicated in their bills for the next two billing cycles.

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Ordinance 22-12 provides:

1. that the Council, based upon the facts detailed in the ordinance and supporting materials, finds that the rates should be decreased to reflect the repeal of the utility receipts tax (I.C. 6-2-3, before its repeal) in HEA 1002-2022;
2. that the rates will decrease based on the calculations prepared by Crowe, LLP and approved by the Utility Service Board;
3. that the Council finds the proposed rates and charges nondiscriminatory, reasonable, and just, and in compliance with I.C. 8-1-2-4.2.

**Contact**

Vic Kelson, Utilities Director, kelsonv@bloomington.in.gov, 812-349-3650
Chris Wheeler, Assistant City Attorney, wheelech@bloomington.in.gov, 812-349-3426

**ORDINANCE 22-12**

**TO AMEND TITLE 9**
**OF THE BLOOMINGTON MUNICIPAL CODE ENTITLED "WATER"**
**(Rate Adjustment)**

WHEREAS, the City of Bloomington, Indiana ("City") owns and operates a waterworks system, through its Utilities Service Board, pursuant to I.C. 8-1.5-2 and I.C. 8-1.5-3, as amended ("Act"), and is subject to the jurisdiction of the Indiana Utility Regulatory Commission ("Commission"); and,

WHEREAS, the current rates and charges of the waterworks system of the City were established by Order of the Commission under Cause No. 45533 on the 22nd Day of December 2021, and effective January 1, 2022; and,

WHEREAS, pursuant to I.C. 8-1-2-4.2, the City is required to file a rate adjustment with the Commission not later than May 1, 2022, that adjusts the waterworks rates and charges to reflect the repeal of the utility receipts tax (I.C. 6-2.3, before its repeal) in HEA 1002-2022 by the General Assembly, independent of any other matters related to the waterworks utility's revenue requirement. This rate adjustment shall operate on a prospective basis once approved by the Commission; and,

WHEREAS, the City, through its Utilities Service Board, engaged Crowe LLP to calculate, and Crowe LLP has calculated, a rate adjustment that reflects the repeal of the utility receipts tax in compliance with I.C. 8-1-2-4.2; and,

WHEREAS, the City, through its Utility Service Board, upon consideration of the calculations prepared by Crowe LLP, recommended that the Common Council approve a decrease in revenues of the waterworks with a 1.16 % decrease in the revenues; and,

WHEREAS, based upon the aforementioned study, and the recommendation of the Utility Service Board, the Common Council of the City finds that the rates and charges of the waterworks system of the City should be decreased as set forth herein with said adjustment, including any modifications thereto approved by the Commission, to take effect at such time as may be determined in an upcoming proceeding before the Commission; and,

WHEREAS, the Common Council of the City finds that the rates and charges set forth herein are nondiscriminatory, reasonable and just and comply with I.C. 8-1-2-4.2.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Section 9.08.010 of the City Code of Bloomington ("Code"), entitled "Monthly rates generally" is hereby amended and restated as follows:

**9.08.010 Monthly rates generally.**

The following rates and charges are established for the use of and service rendered by the water utility of the City. The schedule of rates and charges for the use of the water utility as set forth in this chapter reflects the rates and charges of the water utility as adopted by ordinance of the Common Council of the City and may not necessarily reflect the actual rates and charges of the water utility, which are subject to the approval of the Indiana Utility Regulatory commission ("Commission"). The actual rates and charges of the water utility as approved by the Commission are set forth in the most recent tariff of the water utility on file with the Commission and the Clerk of the City and open for public inspection. Appropriate Indiana Sales Tax will also apply to billings for customers that are not tax-exempt. Each customer will pay a monthly charge according to the following schedule:

**Monthly Usage Charge Applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University – Master Metered, Indiana University – Non-Master Metered, and Irrigation Classes.**

| Category | Rates Per 1,000 Gallons |
|---|---|
| Residential | $ 3.98 |
| Commercial, Governmental, Interdepartmental | 3.50 |
| Industrial | 3.24 |
| Indiana University – Master Metered | 2.63 |
| Indiana University – Non-Master Metered | 3.50 |
| Irrigation | 4.06 |

**Monthly Service Charge, in Addition to Monthly Usage for the Customer Categories Listed Above.**

| Meter Size | Charge |
|---|---|
| 5/8” | $ 6.10 |
| 3/4” | 7.80 |
| 1” | 10.51 |
| 1 ½” | 19.87 |
| 2” | 27.49 |
| 3” | 60.09 |
| 4” | 98.80 |
| 6” | 195.61 |
| 8” | 292.42 |
| 10” | 389.22 |

**Monthly Surcharges for Fire Protection Service for the customer categories listed above excluding Indiana University – Master Metered.**

| | Charge | |
|---|---|---|
| Meter Size | Inside City | Outside City |
| 5/8” | $ 2.05 | $ 3.42 |
| 3/4” | 3.05 | 5.15 |
| 1” | 5.10 | 8.58 |
| 1 ½” | 10.21 | 17.13 |
| 2” | 16.33 | 27.44 |
| 3” | 35.73 | 60.02 |
| 4” | 61.24 | 102.85 |
| 6” | 127.63 | 214.28 |
| 8” | 183.78 | 308.55 |
| 10” | 296.03 | 497.13 |

The monthly Fire Protection Charge for Indiana University – Master Metered accounts as a group shall be $1,463.

SECTION 2. Section 9.08.020 of the Code, entitled “Contract sales for resale” is hereby amended and restated as follows:

**9.08.020 Contract sales for resale.**

The rate for contract sales for resale shall be $2.65 per one thousand gallons.

**Monthly Service Charge in Addition to Monthly Usage Charge.**

| Meter Size | Charge |
|---|---|
| 5/8” | $ 6.10 |
| 3/4” | 7.80 |
| 1” | 10.51 |
| 1 ½” | 19.87 |
| 2” | 27.49 |
| 3” | 60.09 |
| 4” | 98.80 |
| 6” | 195.61 |
| 8” | 292.42 |
| 10” | 389.22 |

SECTION 3. Section 9.08.040 of the Code, entitled “Private fire connections per connection” is hereby amended and restated as follows:

**9.08.040 Private fire connections per connection.**

| | Charge | |
|---|---|---|
| Line Size | Monthly | Annually |
| 4” and under | $ 10.29 | $ 123.48 |
| 6” | 28.60 | 343.20 |
| 8” | 58.60 | 703.20 |
| 10” | 102.65 | 1,231.80 |
| 12” | 161.84 | 1,942.08 |

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that the existing rates and charges of the waterworks system of the City shall remain in full force and effect until the rates and charges fixed by this ordinance shall be approved by order of the Commission and the tariff reflecting said approved rates and charges shall have been filed with and approved by the Commission.

SECTION 5. In the event the rates and charges of the waterworks system approved by the Commission shall differ from the rates and charges set forth herein, the Common Council hereby approves said rates and charges as adjusted by the Commission without further action of the Common Council. The rates and charges of the waterworks system of the City as reflected in the tariff filed with and approved by the Commission shall be filed with the Clerk of the City and be open for public inspection.

SECTION 6. If any section, sentence, or provision of this ordinance or the application thereof to any person or circumstance shall be declared invalid, such invalidity shall not affect any of the other parts of this ordinance which can be given effect without the invalid part, and to this end the provisions of this ordinance are declared to be severable.

SECTION 7. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City and approval of the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _______ day of _______________, 2022.

___________________________________
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_______________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this ______ day of ________________, 2022.

___________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this ______ day of __________________, 2022.

___________________________________
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This ordinance amends the rates and charges in Title 9 of the Bloomington Municipal Code, entitled "Water", to reflect the repeal of the utilities receipt tax in compliance with I.C. 8-1-2-4.2.

**ORDINANCE 22-12**

**TO AMEND TITLE 9**
**OF THE BLOOMINGTON MUNICIPAL CODE ENTITLED "WATER"**
**(Rate Adjustment)**

WHEREAS, the City of Bloomington, Indiana ("City") owns and operates a waterworks system, through its Utilities Service Board, pursuant to IC 8-1.5-2 and IC 8-1.5-3, as amended ("Act"), and is subject to the jurisdiction of the Indiana Utility Regulatory Commission ("Commission"); and,

WHEREAS, the current rates and charges of the waterworks system of the City were established by Order of the Commission under Cause No. 45533 on the 22nd Day of December 2021, and effective January 1, 2022; and,

WHEREAS, pursuant to 8-1-2-4.2 the City is required to file a rate adjustment with the Commission not later than May 1, 2022, that adjusts the waterworks rates and charges to reflect the repeal of the utility receipts tax (I.C. 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly, independent of any other matters related to the waterworks utility's revenue requirement. This rate adjustment shall operate on a prospective basis; and,

WHEREAS, the City, through its Utilities Service Board, engaged Crowe LLP to calculate, and Crowe LLP has calculated, a rate adjustment that reflects the repeal of the utility receipts tax in compliance with I.C. 8-1-2-4.2; and,

WHEREAS, the City, through its Utility Service Board, upon consideration of the calculations prepared by Crowe LLP, recommends that the Common Council approve a decrease in revenues of the waterworks with a 1.16 % decrease in the revenues; and,

WHEREAS, based upon the aforementioned studies, and the recommendations of the Utility Service Board, the Common Council of the City finds that the rates and charges of the waterworks system of the City should be decreased as set forth herein with said adjustmenet to take effect at such time as may be determined in an upcoming proceeding before the Indiana Utility Regulatory Commission; and,

WHEREAS, the Common Council of the City finds that the rates and charges set forth herein are nondiscriminatory, reasonable and just and comply with I.C. 8-1-2-4.2.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. Section 9.08.010 of the City Code of Bloomington ("Code"), entitled "Monthly rates generally" is hereby amended and restated as follows:

**9.08.010 Monthly rates generally.**

The following rates and charges are established for the use of and service rendered by the water utility of the city. The schedule of rates and charges for the use of the water utility as set forth in this chapter reflects the rates and charges of the water utility as adopted by ordinance of the common council of the city and may not necessarily reflect the actual rates and charges of the water utility, which are subject to the approval of the Indiana Utility Regulatory commission ("commission"). The actual rates and charges of the water utility as approved by the commission are set forth in the most recent tariff of the water utility on file with the commission and the clerk of the city and open for public inspection. Appropriate Indiana Sales Tax will also apply to billings for customers that are not tax-exempt. Each customer will pay a monthly charge according to the following schedule:

**Monthly Usage Charge Applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University – Master Metered, Indiana University – Non-Master Metered, and Irrigation Classes.**

| Category | Rates Per 1,000 Gallons |
|---|---|
| Residential | $ ~~4.03~~ 3.98 |
| Commercial, Governmental, Interdepartmental | 3.~~54~~ 50 |
| Industrial | 3.~~28~~ 24 |
| Indiana University – Master Metered | 2.~~66~~ 63 |
| Indiana University – Non-Master Metered | 3.~~54~~ 50 |
| Irrigation | 4.~~11~~ 06 |

**Monthly Service Charge, in Addition to Monthly Usage for the Customer Categories Listed Above.**

| Meter Size | Charge |
|---|---|
| 5/8" | $ 6.~~17~~ 10 |
| 3/4" | 7.~~89~~ 80 |
| 1" | 10.~~63~~ 51 |
| 1 ½" | ~~20.10~~ 19.87 |
| 2" | 27.~~81~~ 49 |
| 3" | 60.~~79~~ 09 |
| 4" | 9~~9.96~~ 8.80 |
| 6" | 19~~7.90~~ 5.61 |
| 8" | 29~~5.84~~ 2.42 |
| 10" | 3~~93.77~~ 89.22 |

**Monthly Surcharges for Fire Protection Service for the customer categories listed above excluding Indiana University – Master Metered.**

| | Charge | |
|---|---|---|
| Meter Size | Inside City | Outside City |
| 5/8” | $ 2.~~07~~ 05 | $ 3.~~46~~ ~~42~~ |
| 3/4” | 3.~~09~~ ~~05~~ | 5.~~21~~ ~~15~~ |
| 1” | 5.~~16~~ 10 | 8.~~68~~ 58 |
| 1 ½” | 10.~~33~~ 21 | 17.~~33~~ 13 |
| 2” | 16.~~52~~ 33 | 27.~~76~~ 44 |
| 3” | 3~~6.15~~ 5.73 | 60.~~72~~ 02 |
| 4” | 61.~~96~~ 24 | 10~~4.05~~ 2.85 |
| 6” | 12~~9.12~~ 7.63 | 21~~6.79~~ 4.28 |
| 8” | 18~~5.92~~ 3.78 | 3~~12.15~~ 08.55 |
| 10” | 29~~9.51~~ 6.03 | ~~502.94~~ 497.13 |

The monthly Fire Protection Charge for Indiana University – Master Metered accounts as a group shall be $1,4~~80~~ 63.

SECTION 2. Section 9.08.020 of the Code, entitled “Contract sales for resale” is hereby amended and restated as follows:

**9.08.020 Contract sales for resale.**

The rate for contract sales for resale shall be $2.6~~8~~ 5 per one thousand gallons.

**Monthly Service Charge in Addition to Monthly Usage Charge.**

| Meter Size | Charge |
|---|---|
| 5/8” | $ 6.1~~7~~ 0 |
| 3/4” | 7.8~~9~~ 0 |
| 1” | 10.~~63~~ 51 |
| 1 ½” | ~~20.10~~ 19.87 |
| 2” | 27.~~81~~ 49 |
| 3” | 60.~~79~~ 09 |
| 4” | 9~~9.96~~ 8.80 |
| 6” | 19~~7.90~~ 5.61 |
| 8” | 29~~5.84~~ 2.42 |
| 10” | 3~~93.77~~ 89.22 |

SECTION 3. Section 9.08.040 of the Code, entitled “Private fire connections per connection” is hereby amended and restated as follows:

**9.08.040 Private fire connections per connection.**

Charge

| Line Size | Monthly | Annually |
|---|---|---|
| 4” and under | $ 10.~~41~~ 29 | $ 12~~4.92~~ 3.48 |
| 6” | 28.~~93~~ 60 | 34~~7.16~~ 3.20 |
| 8” | 5~~9.29~~ 8.60 | 7~~11.48~~ 03.20 |
| 10” | 10~~3.85~~ 2.65 | 1,2~~46.20~~ 31.80 |
| 12” | 16~~3.73~~ 1.84 | 1,9~~64.76~~ 42.08 |

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed; provided, however, that the existing rates and charges of the waterworks system of the City shall remain in full force and effect until the rates and charges fixed by this ordinance shall be approved by order of the Commission and the tariff reflecting said approved rates and charges shall have been filed with and approved by the Commission.

SECTION 5. In the event the rates and charges of the waterworks system approved by the Commission shall differ from the rates and charges set forth herein, the Common Council hereby approves said rates and charges as adjusted by the Commission without further action of the Common Council. The rates and charges of the waterworks system of the City as reflected in the tariff filed with and approved by the Commission shall be filed with the Clerk of the City and be open for public inspection.

SECTION 6. If any section, sentence, or provision of this ordinance or the application thereof to any person or circumstance shall be declared invalid, such invalidity shall not affect any of the other parts of this ordinance which can be given effect without the invalid part, and to this end the provisions of this ordinance are declared to be severable.

SECTION 7. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City and approval of the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _______ day of _______________, 2022.

___________________________________

SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

_______________________________

NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this ______ day of ________________, 2022.

____________________________________

NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this ______ day of ___________________, 2022.

____________________________________

JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This ordinance amends the rates and charges in Title 9 of the Bloomington Municipal Code, entitled “Water”, to reflect the repeal of the utilities receipt tax in compliance with I.C. 8-1-2-4.2.

# CITY OF BLOOMINGTON
# LEGAL DEPARTMENT
# MEMORANDUM

| | |
|---|---|
| **TO:** | **City of Bloomington Common Council Members** |
| **FROM:** | **Christopher J. Wheeler, Assistant City Attorney** |
| **RE:** | **Ordinance 22-12 authorizing Waterworks Utility rate adjustment** |
| **DATE:** | **March 25, 2021** |

The City of Bloomington, Indiana ("City") owns and operates a waterworks utility through its Utilities Department ("CBU"), by and through its Utilities Service Board ("USB"), pursuant to IC 8-1.5-2 and IC 8-1.5-3, as amended. The waterworks utility is subject to the jurisdiction of the Indiana Utility Regulatory Commission ("IURC"). CBU, by and through the USB is seeking a rate adjustment to its waterworks utility. Ordinance 22-12 ("Rate Ordinance") is before the Common Council for approval as a necessary step before CBU can file a water rate adjustment case with the Indiana Utility Regulatory Commission ("IURC").

The Indiana State Legislature recently passed I.C. 8-1-2-4.2 (attached) which, among other things, repeals the utility receipts tax. The utility receipts tax was a tax imposed at a rate of 1.4% on gross receipts from all utility services consumed within Indiana. The repeal of this tax means that all utilities that are subject to this tax and are under the jurisdiction of the IURC (CBU meets both of those criteria) must, not later than May 1, 2022, file with the IURC a rate adjustment that adjusts the water utility's rates and charges to reflect the repeal of the tax.

Crowe LLP was retained to conduct the calculations necessary to properly reduce all classes and categories of CBU water utility rates as a result of the utility receipts tax repeal. The Crowe calculations are attached.

The rate case will be presented to the Common Council by Vic Kelson, Director for the City of Bloomington Utilities Department. In attendance to support this presentation will be the following persons:

1. Christopher J. Wheeler, Assistant City Attorney-Utilities
2. Jennifer Wilson and Craig Lotz, Crowe LLP

I.C. 8-1-2-4.2

IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFEC TIVE UPON PASSAGE]:

**Sec. 4.2. (a) This section applies to a utility that is subject to the:**
**(1) utility receipts tax under IC 6-2.3; and**
**(2) jurisdiction of the commission for the approval of rates and charges; on January 1, 2022.**

**(b) Not later than May 1, 2022, a utility shall file with the commission a rate adjustment that adjusts the utility's rates and charges to reflect the repeal of the utility receipts tax (IC 6 -2.3, before its repeal) in HEA 1002-2022 by the general assembly, independent of any other matters related to the utility's reve nue requirement. A rate adjustment approved under this section shall operate on a prospective basis.**

**(c) A rate adjustment under this section:**
**(1) applies to each rate or charge in effect at the time of the filing that includes recovery of the utility receipts tax; and**
**(2) shall be calculated to remove the amount of the utility receipts tax that each existing rat e or charge was designed to recover based on the utility receipts tax rate in effect at the time the rate or charge was approved.**

**(d) The commission shall approve a rate adjustment under this section if the commission finds that the rate adjustment has been calculated correctly under subsection (c)(2). If the rate adjus tment under this section has not been calculated correctly under subsection (c)(2), the commi ssion shall notify the utility of the defect and require the utility to correct the calculation.**

**(e) A rate adjustment under this section takes effect upon the effective date of the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022, pending approval of a utility's filing under this section.**

**(f) Upon a rate adjustment taking effect under subsection (e), the utility shall provide notice t o all affected customers in each of the next two (2) regular billing cycles that the adjustment in rates or charges reflects the repeal of the utility receipts tax (IC 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly. Notice provided under this subsection must include the amoun t of the adjustment reflected in the bill.**

**(g) This section shall not be construed to limit the commission's authority to:**

**UTILITY SERVICE BOARD**
**OF THE CITY OF BLOOMINGTON, INDIANA**
**RESOLUTION NO. 2022-02**

**A RESOLUTION FOR THE ADJUSTMENT OF THE RATES AND CHARGES OF THE CITY OF BLOOMINGTON WATERWORKS UTILITY, THE APPROVAL OF THE FORM OF ORDINANCE ADJUSTING THE RATES AND CHARGES FOR THE USERS OF THE WATERWORKS UTILITY AND THE RECOMMENDATION OF ITS ADOPTION TO THE CITY OF BLOOMINGTON COMMON COUNCIL**

**WHEREAS,** the City of Bloomington, Indiana (the "City"), has previously established and constructed and now owns and operates through its Utility Service Board (the "Board") a waterworks system for the public water supply to the City, its inhabitants, and other customers (the "Waterworks"), in accordance with the provisions of Indiana Code 8-1.5, as amended, through the City of Bloomington Utilities Department; and

**WHEREAS,** the current Waterworks rates and charges were established by Order of the Indiana Utility Regulatory Commission under Cause No. 45533 on the 22nd Day of December 2021, and effective January 1, 2022; and

**WHEREAS,** pursuant to 8-1-2-4.2 the City is required to file a rate adjustment with the Commission not later than May 1, 2022, that adjusts the waterworks rates and charges to reflect the repeal of the utility receipts tax (I.C. 6-2.3, before its repeal) in HEA 1002-2022 by the general assembly, independent of any other matters related to the waterworks utility's revenue requirement. This rate adjustment shall operate on a prospective basis; and,

**WHEREAS,** the Board engaged Crowe LLP to calculate, and Crowe LLP has calculated, a rate adjustment that reflects the repeal of the utility receipts tax in compliance with I.C. 8-1-2-4.2; and

**WHEREAS,** the Board, upon consideration of the calculations prepared by Crowe LLP, finds that there should be a decrease in revenues of the waterworks with a 1.16 % decrease in the revenues for phase I; and,

**WHEREAS,** based upon the aforementioned studies, the Board finds that the rates and charges of the waterworks system of the City should be decreased as set forth herein with said adjustment taking effect at such time as may be determined in an upcoming proceeding before the Indiana Utility Regulatory Commission; and,

**WHEREAS,** the Board finds that the rates and charges set forth herein are nondiscriminatory, reasonable and just and comply with I.C. 8-1-2-4.2; and

**WHEREAS,** a proposed form of an ordinance modifying the rates and charges for the users of the Waterworks (the "Waterworks Rate Ordinance") has been duly considered by the Board and found satisfactory, a copy of which is attached hereto as **Exhibit A**; and

**WHEREAS,** the Board desires to recommend the adoption of the proposed Waterworks Rate Ordinance to the City of Bloomington Common Council (the "Common Council").

**NOW, THEREFORE, BE IT RESOLVED BY THE UTILITY SERVICE BOARD OF THE CITY OF BLOOMINGTON, INDIANA, AS FOLLOWS:**

**1.** The Board recommends to the Common Council that the rates and charges for the users of the Waterworks be modified as set forth in the proposed form of the Waterworks Rate Ordinance presented at this meeting, by the adoption of such Waterworks Rate Ordinance in substantially the same form as **Exhibit "A"**.

**2.** The Secretary of the Board is hereby directed to present a copy of this Resolution along with the attached proposed Waterworks Rate Ordinance to the Clerk of the City for presentation to the Common Council as soon as may be done.

**3.** This Resolution shall be in full force and effect after its adoption by the Board.

**PASSED AND ADOPTED THIS 28th DAY OF MARCH, 2022**

**CITY OF BLOOMINGTON, INDIANA**
By and Through its Utility Service Board

Jeff Ehman
Jeff Ehman (Mar 30, 2022 14:47 EDT)

Jeff Ehman, President

**ATTEST:**

L Teague
Latreana Teague (Mar 30, 2022 14:57 EDT)

LaTreana Teague, Secretary

**EXHIBIT “A”**

**FORM OF WATERWORKS RATE ORDINANCE**

**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

Non-Recurring Charges

| Description of Charge | | | Charges |
|---|---|---|---|
| 1) | 5/8” to 1” Connection | - with tap | $1,533.00 |
| | | - without tap | $1,327.00 |
| 2) | Greater than 1” Connection | | Cost of connection but not less than charge for 5/8” to 1” connection |
| 3) | Service Call | - During hours | $45.00 |
| | | - After hours | $171.00 |
| 4) | Bad Check Charge | | $25.00 |
| 5) | Late Payment Charge | | 3% of unpaid balance |

This charge shall be paid only once and shall be based on the unpaid over-due balance.

| | | | |
|---|---|---|---|
| 6) | Deposit* | - Residential | Not to exceed $39.00 |
| | | - Commercial | Not to exceed 1/6 of estimated annual bill |

If a present residential customer has been mailed disconnect notices for two consecutive months or any three months within the preceding twelve-month period or has had service disconnected because of nonpayment within the past four years, a security deposit not to exceed one-sixth of the expected annual billing for the customer at the address at which service is rendered may be required.

7) Meter Testing

The utility shall make a free test of the accuracy of a meter upon written request by a customer and a second free test may be requested twelve months subsequent to the first test. The fee for all meter tests requested within thirty-six months after the preceding test shall be $39.00 if the meter is found not to be at fault.

8) Inspection Charge

All inspections of new mains during normal business hours shall be free of charge. All inspections of new mains during overtime hours shall be based on the amount of time required for the inspection.

9) Temporary Service $10.00/week

$10.00 minimum plus a deposit equal to the cost of the meter and a charge for the water used.

10) Extension of Service

Free if estimated 3-year revenue is greater than the construction cost. Actual cost if not.

11) Unauthorized Use of Hydrants

Cost of Water billed for up to 8 hours at maximum flow rate of the hydrant for each day the hydrant is used.

*Deposit is not under the jurisdiction of the Indiana Utility Regulatory Commission (IURC).

**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

Schedule of Rates and Charges

Monthly usage charge applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University – Master Metered, Indiana University – Non-Master Metered, and Irrigation classes

| Category | Rates Per 1,000 Gallons |
|---|---|
| Residential | $ ~~4.03~~3.98 |
| Commercial, Governmental, Interdepartmental | 3.~~54~~50 |
| Industrial | 3.~~28~~24 |
| Indiana University – Master Metered | 2.~~66~~63 |
| Indiana University – Non-Master Metered | 3.~~54~~50 |
| Irrigation | 4.~~11~~06 |

Monthly Service Charge, in Addition to Monthly Usage for the customer categories listed above

| Meter Size | Charge |
|---|---|
| 5/8” | $ 6.~~17~~10 |
| 3/4” | 7.~~89~~80 |
| 1” | 10.~~63~~51 |
| 1 ½” | ~~20.10~~19.87 |
| 2” | 27.~~81~~49 |
| 3” | 60.~~79~~09 |
| 4” | 9~~9.96~~8.80 |
| 6” | 19~~7.90~~5.61 |
| 8” | 29~~5.84~~2.42 |
| 10” | 3~~93.77~~89.22 |

Monthly Surcharges for Fire Protection Service for the customer categories listed above (excluding Indiana University – Master Metered)

| | Charge | |
|---|---|---|
| Meter Size | Inside City | Outside City |
| 5/8” | $ 2.~~07~~05 | $ 3.~~46~~42 |
| 3/4” | 3.~~09~~05 | 5.~~21~~15 |
| 1” | 5.~~16~~10 | 8.~~68~~58 |
| 1 ½” | 10.~~33~~21 | 17.~~33~~13 |
| 2” | 16.~~52~~33 | 27.~~76~~44 |
| 3” | 3~~6.15~~5.73 | 60.~~72~~02 |
| 4” | 61.~~96~~24 | 10~~4.05~~2.85 |
| 6” | 12~~9.12~~7.63 | 21~~6.79~~4.28 |
| 8” | 18~~5.92~~3.78 | 3~~12.15~~08.55 |
| 10” | 29~~9.51~~6.03 | ~~502.94~~497.13 |

The monthly Fire Protection Charge for Indiana University – Master Metered accounts as a group shall be $1,463~~80.~~.

**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

Schedule of Rates and Charges

Contract Sales for Resale

The rate for contract sales for resale shall be $2.65~~8~~ per one thousand gallons.

Contract Sales for Resale Monthly Service Charge in Addition to Monthly Usage Charge

| Meter Size | Charge |
|---|---|
| 5/8” | $ 6.10~~7~~ |
| 3/4” | 7.80~~9~~ |
| 1” | 10.51~~63~~ |
| 1 ½” | 19.87~~20.10~~ |
| 2” | 27.~~81~~49 |
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| 10” | 3~~93.77~~89.22 |

Private fire connections per connection

| | Charge | |
|---|---|---|
| Line Size | Monthly | Annually |
| 4” and under | $ 10.~~41~~29 | $ 12~~4.92~~3.48 |
| 6” | 28.~~93~~60 | 34~~7.16~~3.20 |
| 8” | 5~~9.29~~8.60 | 7~~11.48~~03.20 |
| 10” | 10~~3.85~~2.65 | 1,2~~46.20~~31.80 |
| 12” | 16~~3.73~~1.84 | 1,9~~64.76~~42.08 |

**Crowe LLP**
Independent Member Crowe Global
135 North Pennsylvania Street, Suite 200
Indianapolis, Indiana 46204-2407
Tel 317.632.1100
Fax 317.635.6127
www.crowe.com

To: Vic Kelson, Director, City of Bloomington Utilities

From: Jennifer Wilson, Crowe LLP
Craig Lotz, Crowe LLP

Subject: Water Rates and Charges Adjustment - House Enrolled Act 1002-2022 ("HEA 1002")

Date: March 30, 2022

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The purpose of this memo is to set forth revised rates and charges of the City of Bloomington, Indiana Municipal Water Utility (the "Utility') as adjusted for the removal of utility receipts tax.

*Background*
On Tuesday, March 15, 2022, Governor Eric Holcomb signed into law HEA 1002, which repeals the utility receipts tax levied on retail receipts of certain utilities, including the Utility. Prior to January 1, 2022, the utility receipts tax was 1.40% of retail receipts; effective January 1, 2022, the utility receipt tax increased to 1.46%. HEA 1002 requires the Utility to adjust its rates and charges to reflect the repeal of the utility receipts tax. The Utility's current rates and charges were established by order of the Indiana Utility Regulatory Commission (the "Commission") on December 22, 2021, with Phase I rates effective January 1, 2022.

*Calculation*
To calculate the revised rates and charges, Crowe LLP ("we") first determined the amount of utility receipts tax included in the Utility's Phase I revenue requirement approved by the Commission. Phase I revenue requirements included $222,219 of utility receipts tax. Next, we allocated the utility receipts tax proportionally to each rate and charge of the Utility by the amount of anticipated revenues to be generated from each rate and charge. We relied on the revenue projections calculated by Utility Financial Solutions, LLC in its cost of service study prepared in connection with the Utility's Cause 45533 before the Commission (the "Cost of Service Study"). Revenues for each rate and charge, less the allocated reduction in utility receipts tax, were used to recalculate revised rates and charges based on anticipated units identified in the Cost of Service Study. See Appendix A – Calculations to this memo for calculations of revised rates and charges.

*Effect*
Removal of the utility receipts tax results in an average decrease in rates of 1.16% for Phase I. Actual percent differences vary between classes based on rounding rates to two decimal places. The reduction in rates differs somewhat from the utility receipts tax rate based on the relatively lower amount of utility receipts tax recorded in in the twelve months ended March 31, 2020, which served as the test year in Cause 45533 before the Commission.

# Appendix A - Calculations

*Phase I Rate Revision Calculation*

| | Phase I Rates from Tariff | Units | Phase I Settlement Revenues | Revenues as Percentage of Total Revenue Requirement | Allocated Decrease in RR from URT | Adjusted Phase I Revenues | Revised Rate | Percent Change |
|---|---|---|---|---|---|---|---|---|
| **Monthly Facilities Charge** | | | | | | | | |
| 5/8" Meter | $ 6.17 | 78,667.13 | $ 485,376 | 2.524% | $ 5,610 | $ 479,766 | $ 6.10 | -1.13% |
| 3/4" Meter | 7.89 | 181,418.00 | 1,431,388 | 7.444% | 16,543 | 1,414,845 | 7.80 | -1.14% |
| 1" Meter | 10.63 | 40,741.00 | 433,077 | 2.252% | 5,005 | 428,072 | 10.51 | -1.13% |
| 1.5" Meter | 20.10 | 5,769.00 | 115,957 | 0.603% | 1,340 | 114,617 | 19.87 | -1.14% |
| 2" Meter | 27.81 | 6,379.00 | 177,400 | 0.923% | 2,050 | 175,350 | 27.49 | -1.15% |
| 3" Meter | 60.79 | 1,113.00 | 67,659 | 0.352% | 782 | 66,877 | 60.09 | -1.15% |
| 4" Meter | 99.96 | 1,004.00 | 100,360 | 0.522% | 1,160 | 99,200 | 98.80 | -1.16% |
| 6" Meter | 197.90 | 836.00 | 165,444 | 0.860% | 1,912 | 163,532 | 195.61 | -1.16% |
| 8" Meter | 295.84 | 124.00 | 36,684 | 0.191% | 424 | 36,260 | 292.42 | -1.16% |
| 10" Meter | 393.77 | 36.00 | 14,176 | 0.074% | 164 | 14,012 | 389.22 | -1.16% |
| Fire Pro 5/8" Meter In | 2.07 | 62,881.13 | 130,164 | 0.677% | 1,504 | 128,660 | 2.05 | -0.97% |
| Fire Pro 3/4" Meter In | 3.09 | 122,842.00 | 379,582 | 1.974% | 4,387 | 375,195 | 3.05 | -1.29% |
| Fire Pro 1" Meter In | 5.16 | 33,486.00 | 172,788 | 0.899% | 1,997 | 170,791 | 5.10 | -1.16% |
| Fire Pro 1.5" Meter In | 10.33 | 5,149.00 | 53,189 | 0.277% | 615 | 52,574 | 10.21 | -1.16% |
| Fire Pro 2" Meter In | 16.52 | 5,577.00 | 92,132 | 0.479% | 1,065 | 91,067 | 16.33 | -1.15% |
| Fire Pro 3" Meter In | 36.15 | 936.00 | 33,836 | 0.176% | 391 | 33,445 | 35.73 | -1.16% |
| Fire Pro 4" Meter In | 61.96 | 861.00 | 53,348 | 0.277% | 617 | 52,731 | 61.24 | -1.16% |
| Fire Pro 6" Meter In | 129.12 | 740.00 | 95,549 | 0.497% | 1,104 | 94,445 | 127.63 | -1.15% |
| Fire Pro 8" Meter In | 185.92 | 104.00 | 19,336 | 0.101% | 223 | 19,113 | 183.78 | -1.15% |
| Fire Pro 10" Meter In | 299.51 | 36.00 | 10,782 | 0.056% | 125 | 10,657 | 296.03 | -1.16% |
| Fire Pro 5/8" Meter Out | 3.46 | 15,786.00 | 54,620 | 0.284% | 631 | 53,989 | 3.42 | -1.16% |
| Fire Pro 3/4" Meter Out | 5.21 | 58,576.00 | 305,181 | 1.587% | 3,527 | 301,654 | 5.15 | -1.15% |
| Fire Pro 1" Meter Out | 8.68 | 7,255.00 | 62,973 | 0.328% | 728 | 62,245 | 8.58 | -1.15% |
| Fire Pro 1.5" Meter Out | 17.33 | 620.00 | 10,745 | 0.056% | 124 | 10,621 | 17.13 | -1.15% |
| Fire Pro 2" Meter Out | 27.76 | 802.00 | 22,264 | 0.116% | 257 | 22,007 | 27.44 | -1.15% |
| Fire Pro 3" Meter Out | 60.72 | 177.00 | 10,747 | 0.056% | 124 | 10,623 | 60.02 | -1.15% |
| Fire Pro 4" Meter Out | 104.05 | 143.00 | 14,879 | 0.077% | 172 | 14,707 | 102.85 | -1.15% |
| Fire Pro 6" Meter Out | 216.79 | 96.00 | 20,812 | 0.108% | 241 | 20,571 | 214.28 | -1.16% |
| Fire Pro 8" Meter Out | 312.15 | 20.00 | 6,243 | 0.032% | 72 | 6,171 | 308.55 | -1.15% |
| Fire Pro 10" Meter Out | 502.94 | 0.00 | 0 | 0.000% | 0 | 0 | 497.13 | -1.16% |
| Private Fire 4" or Less | 10.41 | 2,397.00 | 24,953 | 0.130% | 288 | 24,665 | 10.29 | -1.15% |
| Private Fire 6" | 28.93 | 2,996.00 | 86,674 | 0.451% | 1,002 | 85,672 | 28.60 | -1.14% |
| Private Fire 8" | 59.29 | 756.00 | 44,823 | 0.233% | 518 | 44,305 | 58.60 | -1.16% |
| Private Fire 10" | 103.85 | 48.00 | 4,985 | 0.026% | 58 | 4,927 | 102.65 | -1.16% |
| Private Fire 12" | 163.73 | 82.00 | 13,426 | 0.070% | 155 | 13,271 | 161.84 | -1.15% |
| **Commodity Charge ('000 Gallons)** | | | | | | | | |
| Residential and Multi Family | 4.03 | 1,619,730.45 | 6,527,514 | 33.949% | 75,441 | 6,452,073 | 3.98 | -1.24% |
| Comm, Gov, Interdept Usage | 3.54 | 788,342.53 | 2,790,733 | 14.514% | 32,253 | 2,758,480 | 3.50 | -1.13% |
| Industrial | 3.28 | 50,973.28 | 167,192 | 0.870% | 1,932 | 165,260 | 3.24 | -1.22% |
| Wholesale | 2.68 | 1,037,433.10 | 2,780,321 | 14.460% | 32,133 | 2,748,188 | 2.65 | -1.12% |
| Indiana University Usage | 2.66 | 354,483.05 | 942,925 | 4.904% | 10,898 | 932,027 | 2.63 | -1.13% |
| Irrigation Usage | 4.11 | 112,669.11 | 463,070 | 2.408% | 5,352 | 457,718 | 4.06 | -1.22% |
| Adjustable Revenues | | | 18,423,307 | 95.817% | 212,924 | 18,210,383 | | |
| Plus: Non Adjustable (Other Operating + Rounding) | | | 804,198 | 4.183% | 9,295 | 794,903 | | |
| Total | | | $ 19,227,505 | 100.000% | $ 222,219 | $ 19,005,286 | | |

**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

Schedule of Rates and Charges

Monthly usage charge applicable to Residential, Commercial, Governmental, Interdepartmental, Industrial, Indiana University – Master Metered, Indiana University – Non-Master Metered, and Irrigation classes

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**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

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**BLOOMINGTON MUNICIPAL WATER UTILITY**
Bloomington, Indiana

Non-Recurring Charges

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9) Temporary Service — $10.00/week

$10.00 minimum plus a deposit equal to the cost of the meter and a charge for the water used.

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*Deposit is not under the jurisdiction of the Indiana Utility Regulatory Commission (IURC).

# New Revenue Package Proposal – materials related to Ord 22-13, Ord 22-14, and Res 22-09

Memo from Mayor Hamilton
Appendix A
Appendix B
Appendix C
FAQS

CITY OF
BLOOMINGTON

**TO:** Members of the Common Council

**FROM:** Mayor John Hamilton

**RE:** New Revenue Package

**DATE:** March 16, 2022; Revised March 18, 2022

## Introduction

The City of Bloomington faces a pivotal moment. Coming out of the pandemic we can meet that moment and lead our community forward. If we don't, we risk shortchanging programs and services on which our residents rely.

Since 2016, together we have made great progress in our City in providing excellent essential services and improving opportunities for our residents. We are the only city in Indiana with a nationally accredited police force and a top-ranked fire department (ISO 1). We have seen unprecedented private investment and public infrastructure progress. Our jobs and wage rates are increasing. We've made real progress toward more affordable housing and climate action.

For the 2023 City budget and beyond, the City needs additional revenue to appropriately fund continued progress, specifically for investments in:

- **Public safety**, including newly-negotiated Police salaries, future Fire Department salary negotiations, continued innovation of service delivery, and building replacements and upgrades
- **Climate change preparedness and mitigation** to enhance public transit and advance goals set in the Climate Action Plan (CAP)
- **Equity and quality of life for all**, including access to housing, good jobs, local food, the arts, and economic stability
- **Essential city services**, to maintain assets and assure ongoing excellence

This memo outlines a range and scope of critical investments needed to move Bloomington ahead – sustainably, inclusively, and efficiently. These investments embody the values of our community and help ensure that City government can address the challenges of our time. We offer this proposal for discussion and consideration by Council and look forward to working together to finalize it.

## Local Revenue Options

Difficult times persist for many in our community, who are managing ongoing impacts of the pandemic and who face availability and cost pressures with housing, health care, child care, transportation, education, and other basic needs. The climate emergency has not abated during the past two years and looms ever larger in our lives. City government has an essential role to play in helping address these challenges and opportunities locally, and it takes revenue to deliver services. The Administration first highlighted the need for new revenue in January 2020. Recent one-time federal pandemic recovery funding has been essential to bridging our gaps, but it is not ongoing, and we cannot rely on federal or state funding to meet key ongoing local challenges.

As discussed with Council during the 2022 budget cycle, the Administration is proposing an increase to the Monroe County Local Income Tax (LIT) rate and the issuance of two $5 million general obligation (G.O.) bonds on a five-year cycle. This combination offers practical, complementary tools: a LIT increase supports annual funding for ongoing programs and initiatives, including personnel; G.O. bonds efficiently fund infrastructure improvements project by project.

We would use these tools to fund proposed investments that emerged from consultations with members of the City Council and city residents, other partners and local institutions, members of the Monroe County Council and Commissioners, Ellettsville Town Council, and other interested parties. The proposed investments also reflect the priorities and goals of Bloomington embodied in many plans and documents, including the Climate Action Plan, Transportation Plan, Parks Master Plan, Sustainability Action Plan, Comprehensive Plan, Housing Study, Plan to Advance Racial Equity, Wage Growth Taskforce, City Surveys, and more. We look forward to continued refinements of this proposal through discussions with all interested parties, and robust public feedback, in the coming weeks.

The Administration will continue rigorous efforts to reduce expenses and contain costs through innovation and reform. Recent examples include:

- Major solar installations that reduce energy costs: Parks saving $50,000 annually
- Using smaller, quick response vehicles instead of large engines: Fire saving $1,200,000 in vehicle replacement costs
- Sanitation system reform and automation:
    - Eliminates the need to fill one position: the total savings of leaving the position unfilled fluctuates yearly based on other variables such as landfill fees and recycling processing costs
    - From 2020 to 2021, workers compensation costs at the City decreased a total 28%
- Street crews adjusting work shifts to improve paving efficiencies
- Innovations in the leaf collection system: saving $200,000 annually thus far

The list of needed investments demands additional revenue. Two questions pertain: what does it cost to do it? And what does it cost NOT to do it? Our needs are urgent and fundamental. Appropriate investments will continue Bloomington on a positive trajectory and offer true opportunity for all. Lack of investment would diminish our future and shortchange our residents. Indeed, not raising revenue would mean we could not meet negotiated salaries for our police officers or planned investments in climate mitigation. It would mean significant reductions in existing programs and personnel resources.

On the question of whether we have the capacity to raise additional local revenue responsibly, the answer is yes: We are at present a very low-tax city. Indiana is a relatively low-tax state, and among Indiana's 20 largest cities (excluding Indianapolis/Marion County), Bloomington is in the lowest quartile of both property and local income tax rates. Considering combined rates, we are nearly at the very bottom *(See Appendix A.1).* We have the lowest LIT rate among our seven contiguous counties, and we sit in the bottom quartile statewide *(See Appendix A.2).*

We are also low comparatively when it comes to government expenditures, revealing the capacity for responsible growth. Looking at per-capita annual spending from city general funds, Bloomington ranks 14th among Indiana's 20 largest cities (excluding Indianapolis/Marion County). Our $624 per capita annual spending is 16% below the median of $742 *(See Appendix A.3).*

In addition, recent trends suggest that Bloomington wages have accelerated over the past several years, surpassing several comparable Indiana cities and growing more in line with national wage growth trends. We have caught up to the state average, and are one of only 11 counties in the state with average weekly wages above $1,000 *(See Appendix A.4).*

Reviewing our per capita overall debt levels indicates significant capacity for additional debt investment. Looking at the public debt per capita of the 20 largest Class 2 cities in Indiana, Bloomington sits right in the middle, ranking 10th with a debt-per-capita of $2,931. After issuing $10,000,000 of additional G.O. bonds, the City will remain in 10th position, with an estimated per capita level of $3,057. *(See Appendix A.5).*

Specifically, our capacity to issue general obligation bonds (G.O. bonds) is strong: G.O. bonds have a statutory limit of 2% of adjusted net assessed value. Using this calculation, the City has an overall G.O. bonding capacity of approximately $28,000,000–which will grow over time with assessed value. Subtracting our outstanding debt of approximately $10,000,000, we retain a G.O. bonding capacity of approximately $18,000,000. With approval of the current G.O. bond proposal of $5,000,000, the City would retain approximately 46% of its current capacity. *(See Appendix A.6).*

The Parks department has authority to issue separate debt, and has outstanding Parks G.O. bond debt of $14,805,000 and total outstanding debt of $18,130,000. There is no statutory limit on Parks G.O. debt. *(See Appendix A.7).*

## Proposed LIT Annual Investments

*See Appendix B: LIT Details for more detailed information about the proposed items to be funded with a LIT increase.*

### Public Safety - $4,500,000

The City needs major additional annual investments in public safety in several areas:

- To support sworn police officer personnel costs, for retention and recruitment, following the direction of City Council and as included in our contingent four-year labor agreement with the Fraternal Order of Police (FOP)
- To continue investments in public safety reforms, including alternatives to 911 responses with non-sworn police and fire personnel, enhanced community-based public safety, and ongoing support for programs like the STRIDE Center
- To replace or upgrade essential buildings, some damaged by flood and some outdated, including a police HQ, a fire HQ, and four of five current fire stations. None of these costs are included in the 10-year Public Safety LIT capital plan

### Climate Change Preparedness and Mitigation - $6,345,000

Our community needs major investments to prepare for and mitigate the impacts of climate change, including many identified in the City's Climate Action Plan (CAP). Investments include major enhancements in public transit and direct investments in accomplishing goals of the CAP:

- Bloomington Transit (BT) enhancements:
    - New East-West Express Transit line, with 15-minute frequency weekday service *(See Appendix A.8)*
    - New Paratransit service city-wide, on-call, and Microtransit services, expanding beyond fixed bus routes *(See Appendix A.9)*
    - New Sunday routes for 7-day service *(See Appendix A.10)*
    - Improved service level, with maximum 30-minute frequency on all routes
    - New pilot programs for Park and Ride services, and
    - New subsidy programs to lower costs for regular BT riders
- Climate Action Plan (CAP) direct investments:
    - Energy and built environment
    - Local food & agriculture
    - Waste management
    - Additional support for increasing Bloomington's tree canopy
    - Funding for the Green Ribbon Panel to accelerate climate action

*See the FAQs for more information about proposed expenditures to support Climate Action Plan implementation*

### Equity and Quality of Life for All - $3,650,000

Investments are needed to advance equity and enhance the quality of life for *all* Bloomington residents. This includes:

- Improving housing affordability, for homebuyers and renters, as well as those experiencing homelessness
- Helping residents get better jobs through training, apprenticeships, and skills coaching
- Supporting access to local food for all
- Supporting a vibrant local arts community
- Expanded ADA accessibility measures
- Measures designed to lessen the LIT burden to low-income workers by providing them access to an economic equity fund

### Essential City Services - $2,500,000

The City also needs major ongoing investments to maintain the essential City services on which we all rely. Increased funding will be necessary to:

- Maintain physical facilities and physical assets
- Cover increases to major expenses like insurance, materials, and services
- Improve IT infrastructure and cybersecurity
- Attract and retain City staff and fund any new positions that may be needed as a result of our increased programs and services. Use financial and non-financial retention strategies to attract and retain a diverse, qualified workforce.

## General Obligation Bond Funded Projects:

*See Appendix C for a list of Parks and Public Works G.O. bond items, which may be modified based on input from the Council.*

Bonds are for longer-term projects and capital investments that generate revenue to repay the bond obligations;  they are less applicable for providing ongoing City services. The proposed G.O. bond projects generally parallel priorities listed above, specifically “climate change preparedness” and “equity and quality of life for all.” The following proposed projects follow up on commitments made to the City Council in the context of the 2022 budget discussions:

### Parks Bond

- Covenanter protected bike lanes, from College Mall Rd. to Clarizz Blvd.
- Dunn Street multi-use path from the Bypass to Old SR 37
- Griffy Loop Trail dam crossing and community access
- W. 2nd St. Signals and protected bike lane (Walker St. to B-Line trail)
- Replace gas-powered equipment with electric equipment
- Cascades Phase 6 - path/connection to Miller Showers Park

- Replace missing sidewalk on Rogers St. by Switchyard Park

**Public Works Bond**

- Citywide LED conversion of street lights
- Energy efficiency retrofits for all City buildings
- City fleet vehicle hybrid/electrification fund
- GPS for city vehicle fleet
- High St. Signals and multi-use path from Arden Dr. to 3rd St.
- Create green waste yard at Lower Cascades Park
- Vehicle upgrades for sustainability (hybrid/electric vehicles)
- Citywide traffic signal retiming
- Downtown ADA Curb Ramps (W. Kirkwood and Indiana Ave. corridors)
- Sidewalk projects (TBD)

Acknowledging these many projects are more than proposed revenues can support, the Administration looks forward to receiving feedback and assistance from City Council prioritizing potential General Obligation Bond Funded Projects.

## Conclusion and Next Steps

Bloomington is at a crossroads. After the pandemic, in the recovery, what will our path be? New revenue is essential to meet basic obligations and address critical challenges. With this proposal, we offer an ambitious and value-centered path forward. We want this proposal to encourage dialogue and expect it to be refined over the coming weeks. The administration plans to present this proposal formally to the City Council on April 6.

The Appendices to this memo offer details for the projects we have prioritized based on prior consultations, and for other potential projects. We will soon launch on our website a public poll and a feedback form specific to new revenue. In addition, we encourage residents to provide feedback via social media messaging or by email to mayor@bloomington.in.gov. As details are developed, we will share information on the City's web page dedicated to new revenue, at bloomington.in.gov/newrevenue.

Bloomington has long been a special place to live, work, and visit. New revenue is needed to keep it so. We strive to be a leader in the midwest and across the country in livability, inclusion, access to amenities, quality of public safety services, transit options, arts, cultural opportunities, and more. New revenue is needed to achieve this and to live our values. The pandemic taught us all crucial lessons about the need to nurture community, build resilience, and close stubborn gaps in equitable access to opportunity. Our shared future depends upon our actions today.

# Appendix A - Revised March 18, 2022

**Figure A.1: Combined Property & Local Income Tax**
Bloomington's combined tax rate relative to the 20 largest cities in Indiana.
*Source: Reedy Financial Group*

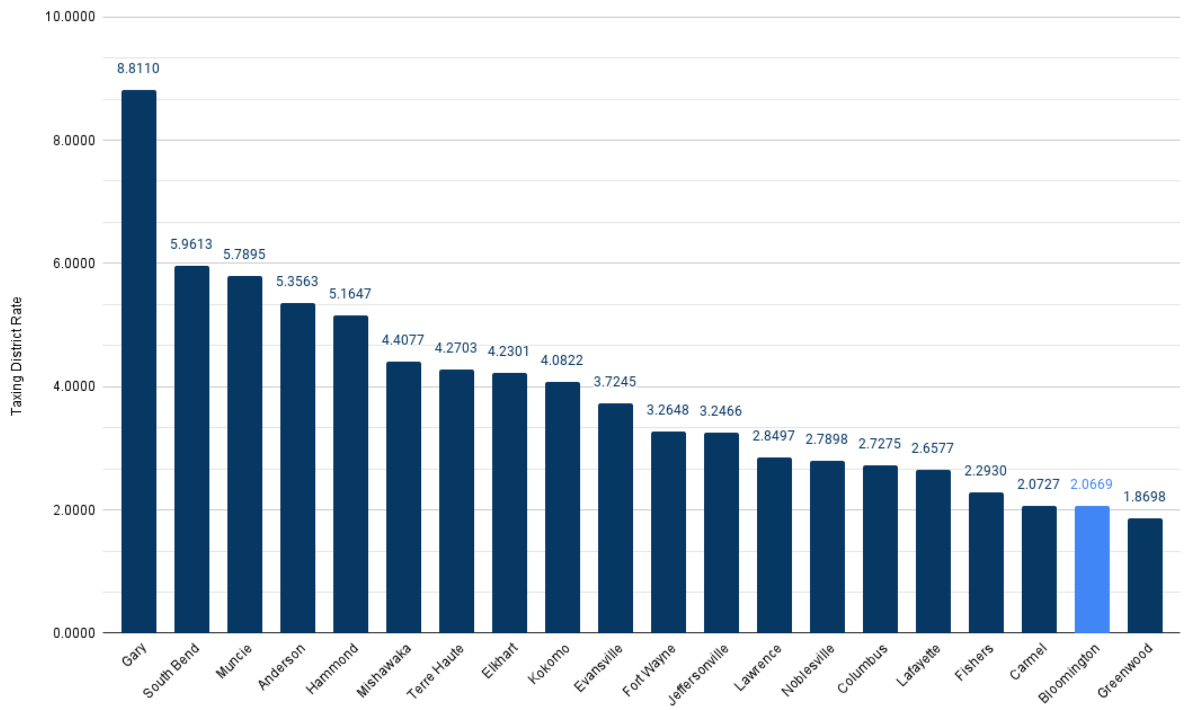


**Figure A.2: County LIT Rates**

Monroe County's LIT rate as compared to our six contiguous counties.

*Source: Indiana Department of Revenue*

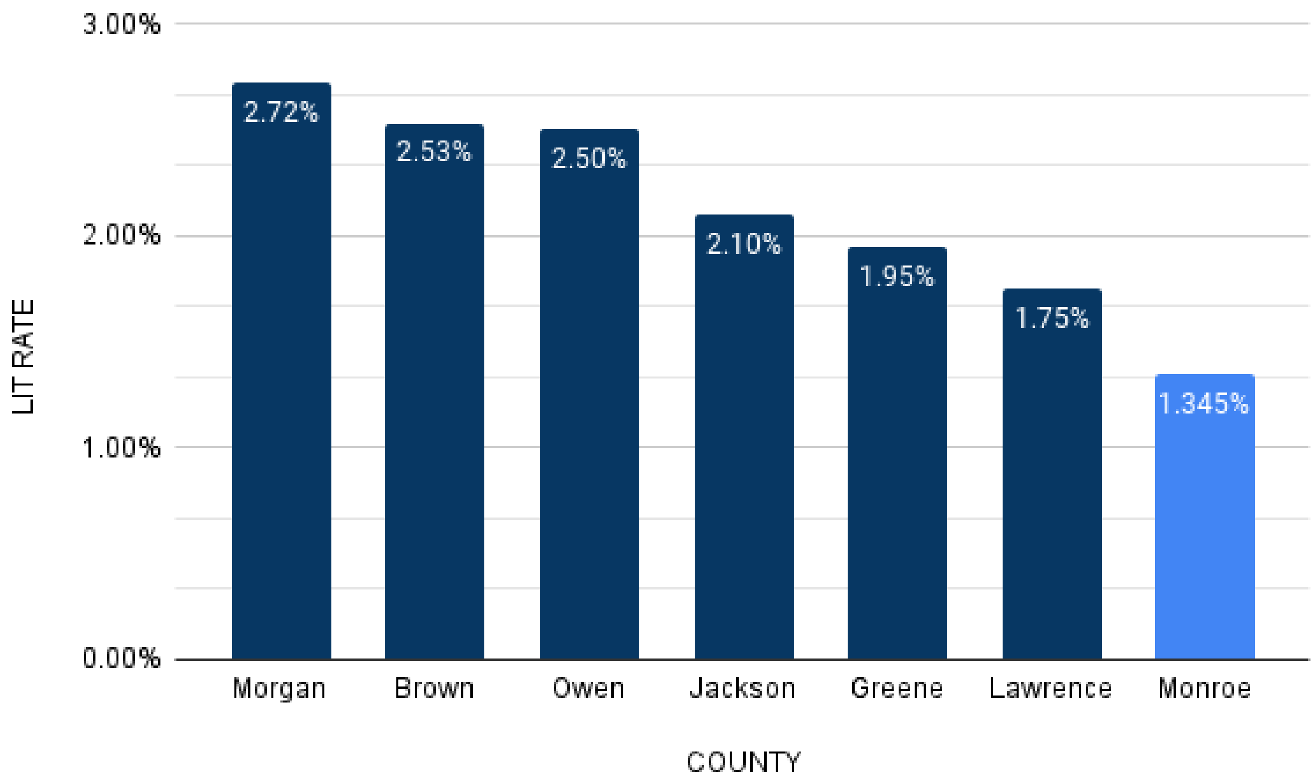


**Figure A.3: Per-capita Annual Spending**

The 20 largest Class 2 cities in Indiana, ranked by per-capita annual spending from the general fund.

*Source #1: 2022 General Fund Budgets in Gateway*

*Source #2: 2020 Census Population Data*

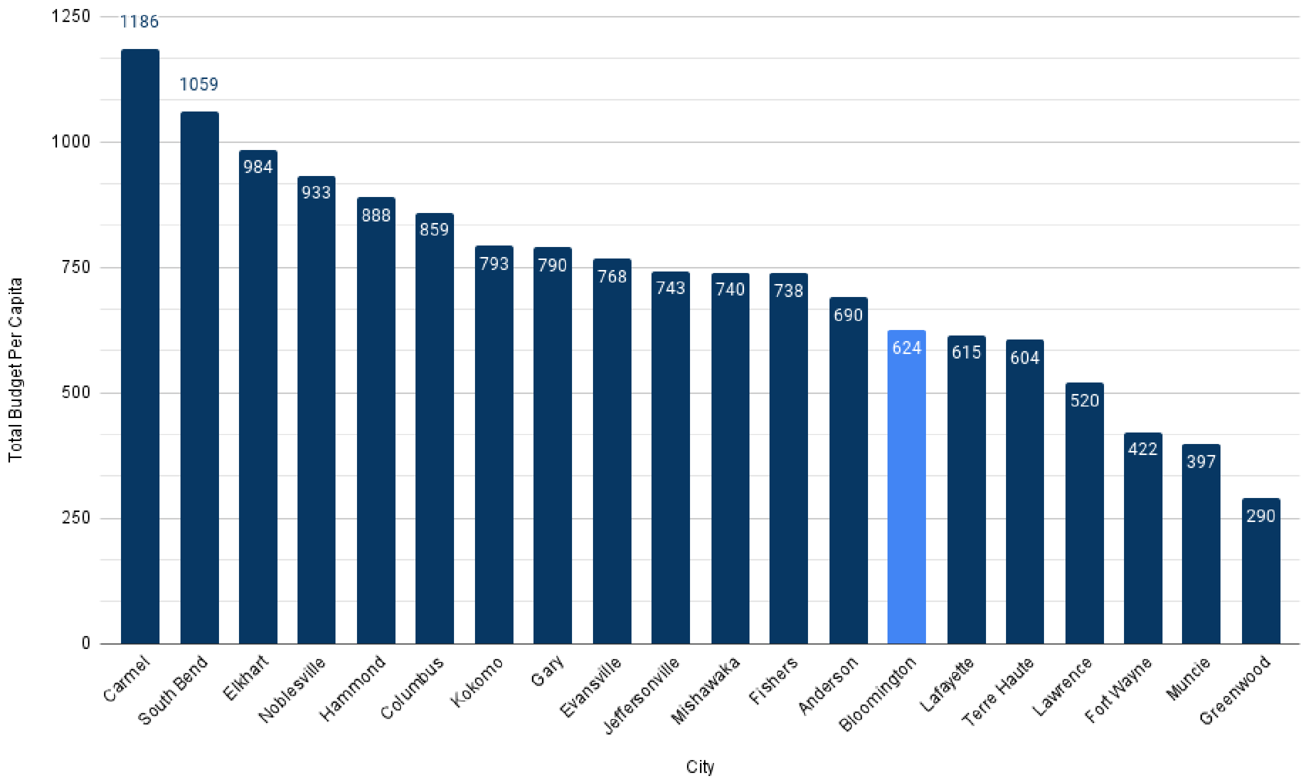


**Figure A.4: Wage Growth**
First-quarter wage growth in Bloomington, compared to the national and state averages and similarly-sized Indiana cities.
*Source: Bureau of Labor Statistics*

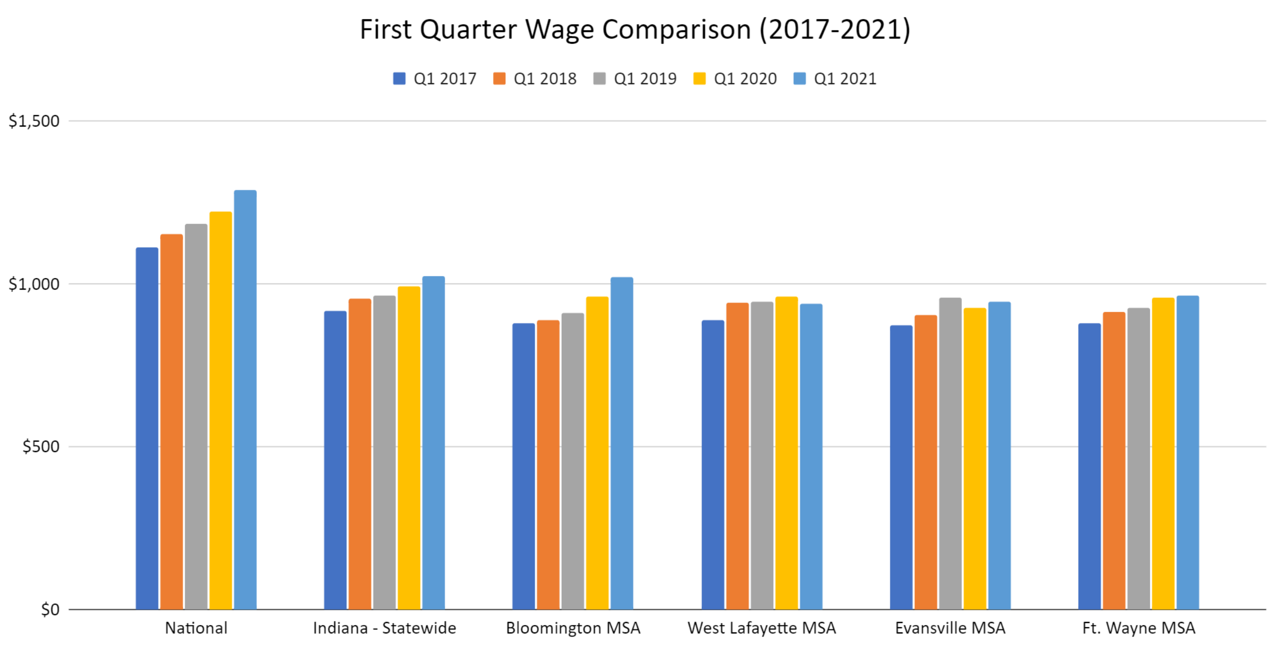


**Figure A.5: Per-capita Annual Debt**

The 20 largest Class 2 cities in Indiana, ranked by per-capita annual debt.

*Source #1: Gateway 2021 Debt Management*

*Source #2: 2020 Census Population Data*

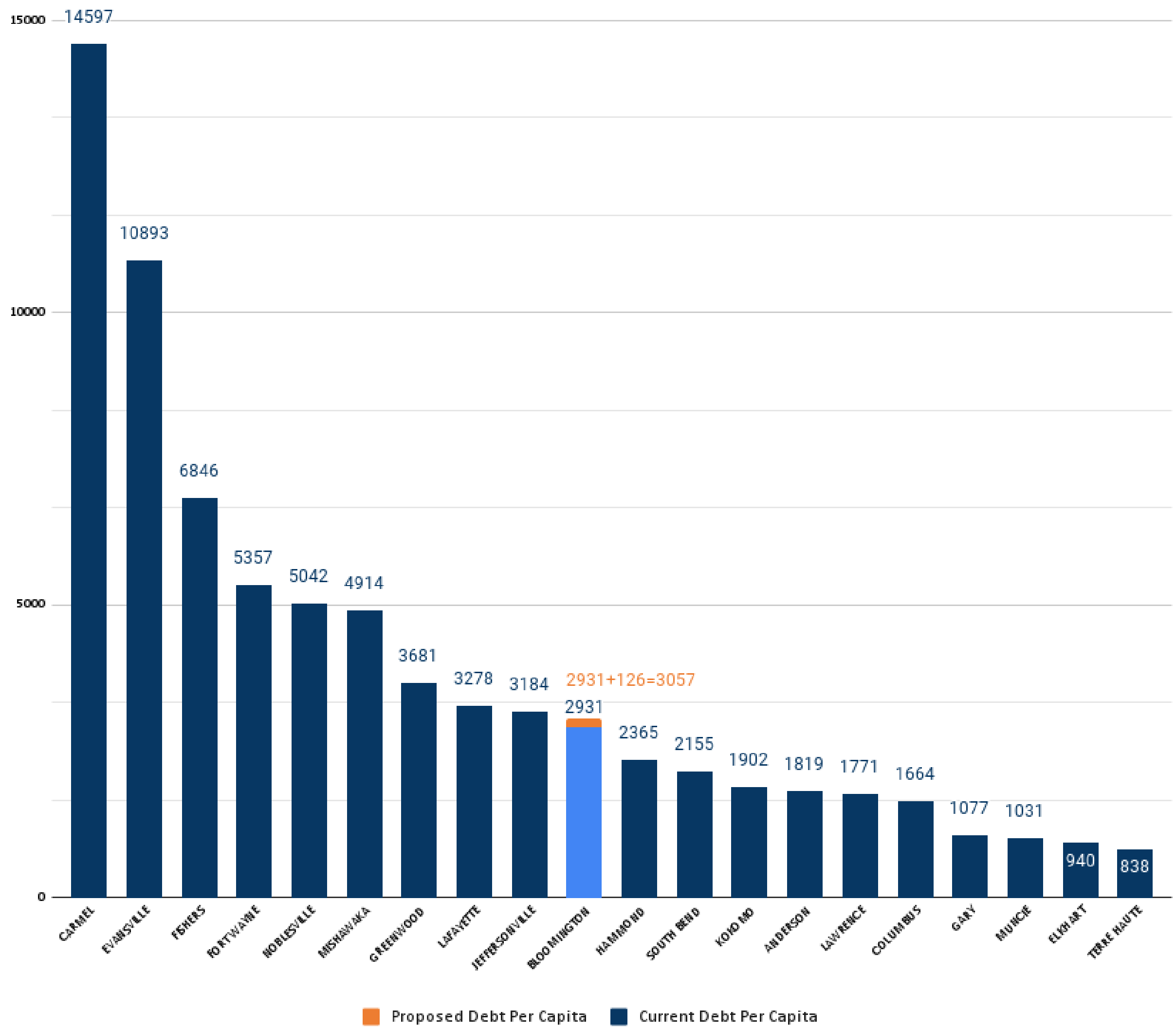


**Figure A.6: City G.O. Bonding Capacity**

The City's bonding capacity, with and without the issuance of another $5,000,000 in G.O. bonds.

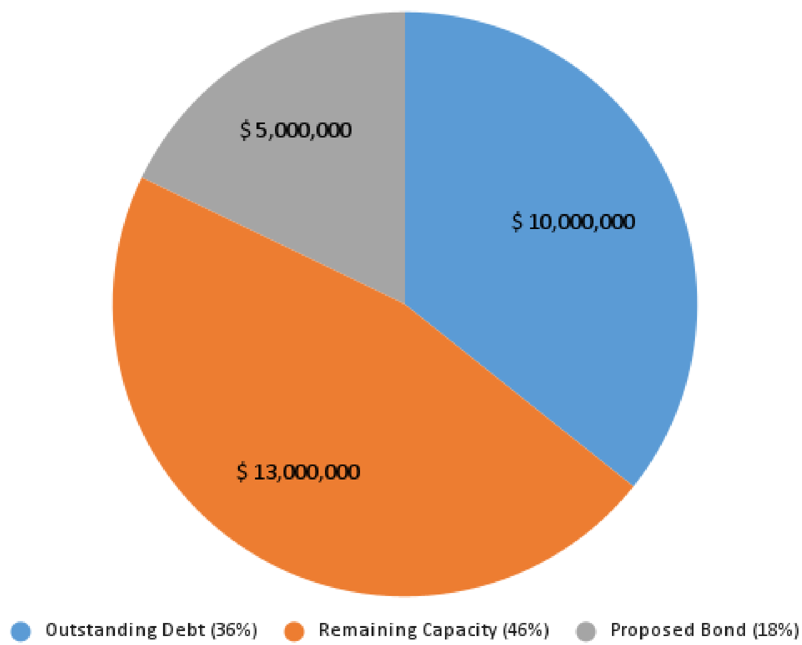


**Figure A.7: Parks G.O. Bonding**

Parks debt analysis: current and proposed G.O. bonds and other debt

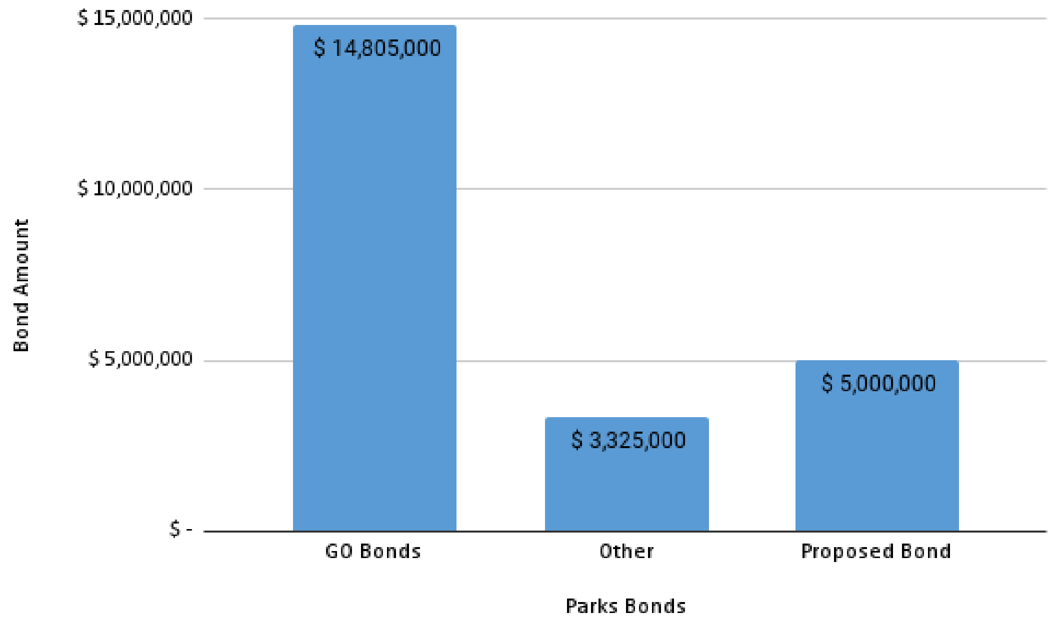


**Figure A.8: Bloomington Transit New East-West Express Transit line**
(Example Only)

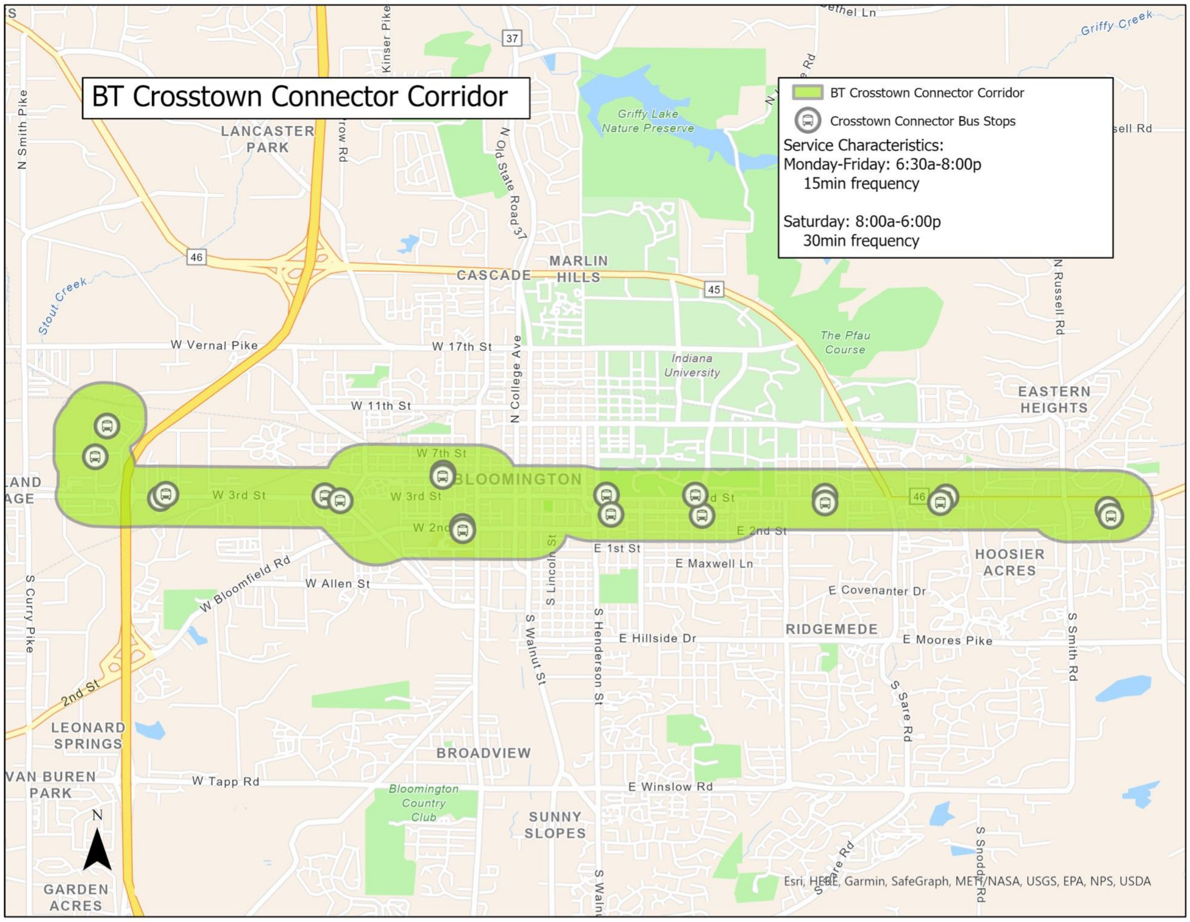


**Figure A.9: Bloomington Transit New Paratransit and Microtransit Services**
(Example Only)

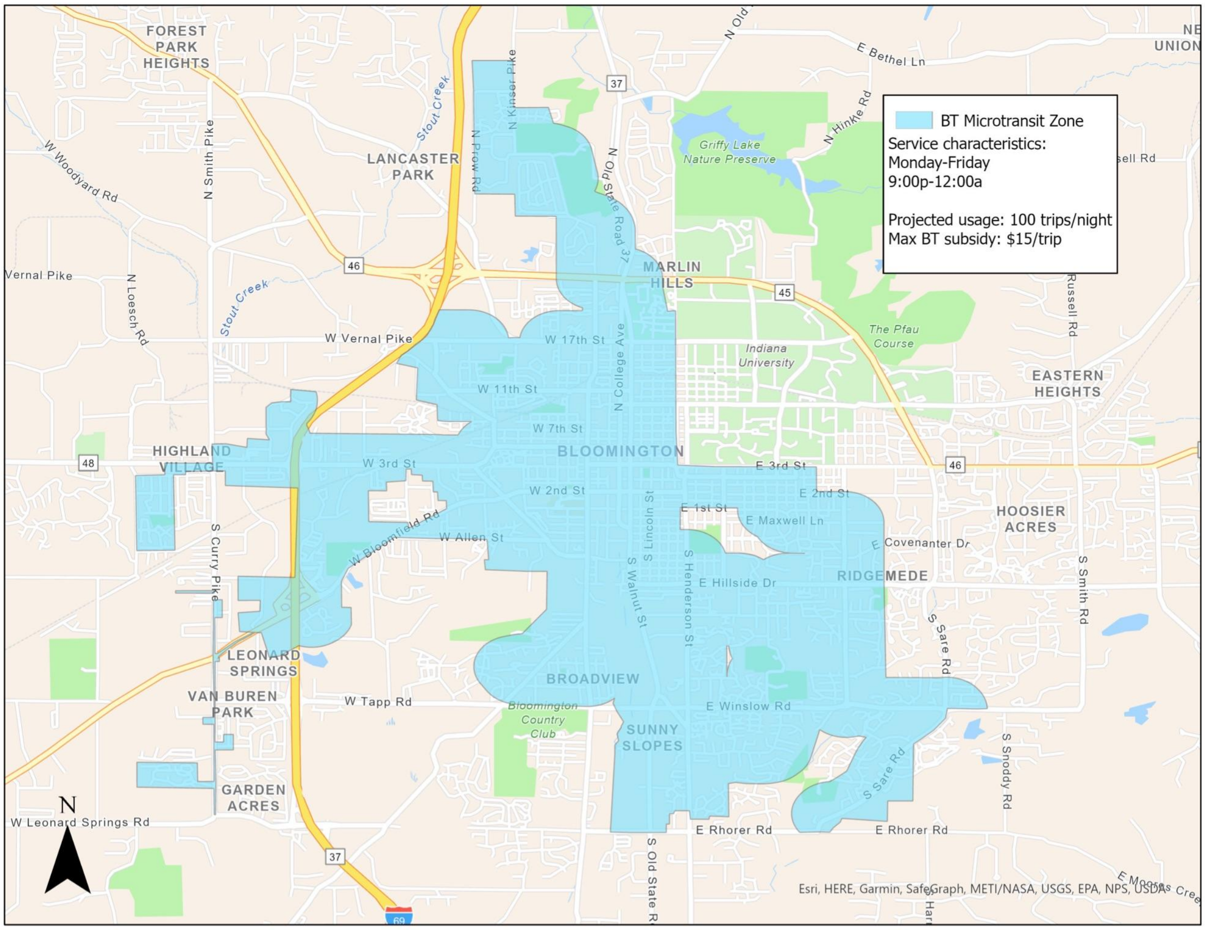
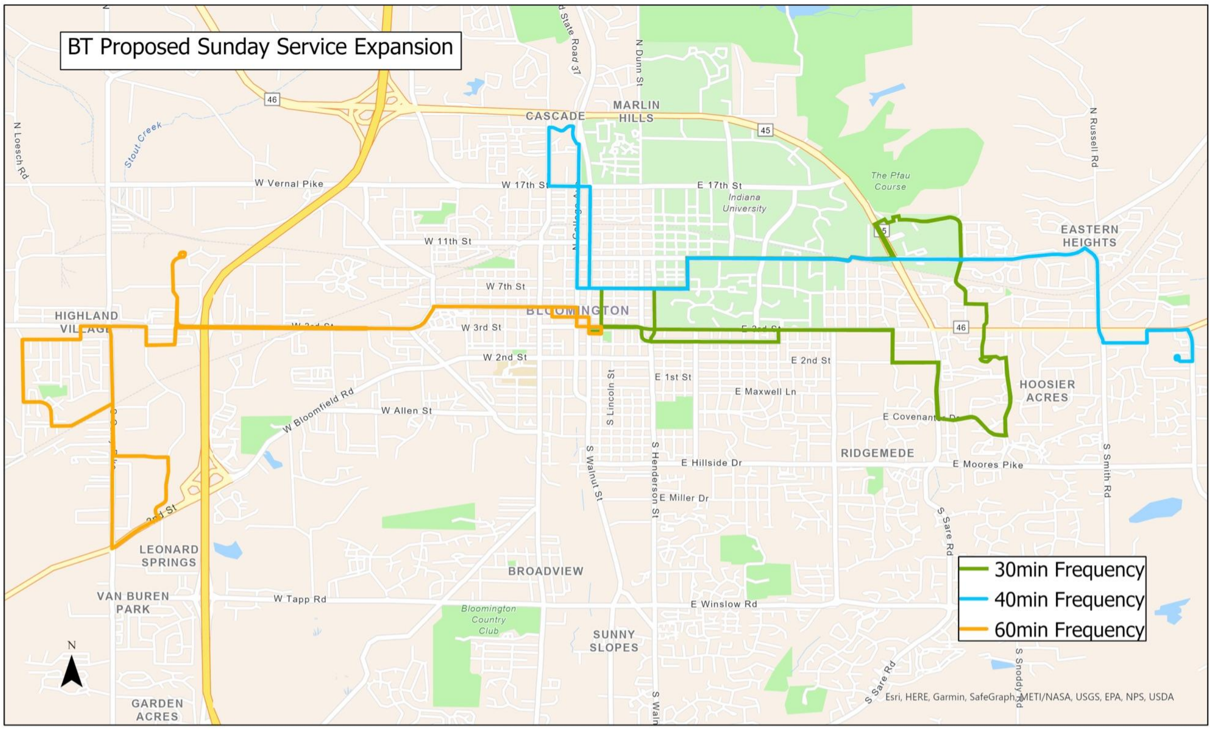


**Figure A.10: Bloomington Transit Sunday Services**
(Example Only)



| Item | Annual Cost | Description |
|---|---|---|
| **PUBLIC SAFETY** | **$4,500,000** | |
| Police - Sworn Officer Salaries | $1,500,000 | Fund the costs associated with the contingent Fraternal Order of Police (FOP) contract |
| Police - Nonsworn officer salaries and public safety programs | $250,000 | Expand the roles and increase the number of Police Social Workers and Community Service Specialists to respond to some non-emergency calls for service and those calls that do not require a law enforcement response. Provide ongoing support for the STRIDE center. |
| Fire - public safety programs | $250,000 | Tailor response options for 911 calls, health and wellness checks, etc. to divert more 911 calls to nonsworn personnel. Explore combining police/fire nonsworn. |
| Police & Fire headquarters | $1,000,000 | Consolidate public safety headquarter operations to replace current damaged and inadequate facilities and to benefit from effeciencies of scale. |
| Fire - new/upgraded stations (4, including new downtown) | $1,500,000 | Replace or repair damaged and aging  facilities with new or upgraded facilites, in order to attract and retain employees and meet safety standards |
| **CLIMATE CHANGE PREPAREDNESS AND MITIGATION** | **$6,345,000** | |
| Add Bloomington Transit (BT) Sunday service | $300,000 | Achieve 7-day service for greater consistency and reliability in an effort to boost ridership and reduce single occupancy vehicle use |
| Establish East-West Express Transit line | $2,100,000 | Major new service providing 15 minute frequency across a priority East/West corridor. This route addition would boost attractiveness and convenience for riders and reduce automobile use |
| Enhance In-house BT Para-Transit & Microtransit | $1,400,000 | Increase access/improve equity for people who can't ride fixed-route BT, qualify for paratransit, require special accomodations while enhancing convenience. and expandthose services. City-wide service expansion. |
| Enhance BT weekday service to maximum 30-minute frequency | $820,000 | Improve convenience for all riders, boost ridership, reduce automobile use |
| Establish BT Park & Ride pilot program | $125,000 | Focus on workforce partners to develop pilot program in collaboration with the Transportation Demand Management program; explore a potential "Park and Ride" program for special event traffic management |
| Subsidize BT ridership | $100,000 | Improve access to public transportation with a focus on workforce and low-income riders |

| Item | Annual Cost | Description |
|---|---|---|
| Climate Action Plan (CAP) implementation | $1,500,000 | Multiple efforts toward climate change prevention and preparedness. See Proposed Climate Action Plan Investments in "New Revenue FAQs" for more detail |
| **EQUITY AND QUALITY OF LIFE FOR ALL** | **$3,650,000** | |
| Housing funding, for ownership, rental, Housing Security | $2,000,000 | Improved access to housing equity through funding assistance for the Housing Security Group/homeless; low/mod income renters; low/mod homeowners; support missing housing types |
| Workforce and economic development | $500,000 | Funding for workforce development initiatives, including workforce re-entry, re-skilling and up-skilling, and entrepreneurship training, as well as operations and infrastructure funding for the Trades District Technology Center. |
| Economic equity fund | $750,000 | Direct support of low income working residents / families - possible Individual Development Accounts to match savings; focused on direct impact, possibly thru SSCAP, MCUM, Trustees, others |
| Public art and arts development | $200,000 | Funding for maintenance of existing arts spaces, execution of the recommendations of the City's Arts Feasibility Study and Public Arts Master Plan, and support for arts organizations. |
| Local food access and nutrition security | $200,000 | Funding to improve food access and nutrition insecurity. Funding support will focus on partnerships with food service providers to address gaps in local food access for low income and food insecure residents. |
| **ESSENTIAL CITY SERVICES** | **$2,500,000** | |
| Personnel | $1,000,000 | Offer incentives to attract and retain talented City employees, such as pay adjustments, hiring bonuses, creation of new positions, tuition reimbursement, relocation allowance, longevity bonuses, and/or housing assistance. |
| Maintenance/Replacement of Assets | $500,000 | Maintain aging facilities and other physical assets and replace when required |
| Increases to major categories of expenses | $500,000 | Meet obligations for city property & liability Insurance, materials & supplies, repair & maintenance. |
| Lost Revenue Replacement | $500,000 | Replace shortfall resulting from decreased Cable Franchise Fees (cable fees lost to streaming) to fund essential IT infrastructure replacements, cybersecurity, and CATS |
| **TOTAL** | **$16,995,000** | |

Appendix C: GO Bond Details

| Item | Minimum Estimate | Maximum Estimate | General Notes | Financial Notes | Other Potential Funding That Could be Leveraged | City Plan Addressed |
|---|---|---|---|---|---|---|
| **PARKS GO BOND** | **$8,500,000** | **$9,140,000** | | | | |
| Replace gas powered equipment with electric equipment | $25,000 | $25,000 | Advance phased approach with large purchase. Parks has been replacing gas powered equipment with battery for several years a few pieces of equipment at a time as budget allows -- namely weed eaters and blowers. This amount of funding would allow us to purchase ahead several years and speed up the replacement of gas powered equipment and investigate new battery equipment applications in Parks. | Confident in estimate. | Advances planned GF spending | Climate Action Plan |
| Replace missing sidewalk on Rogers St. by Switchyard Park | $200,000 | $200,000 | This section of sidewalk was required to be replaced by code when Switchyard was built but was missed. It is currently in design through Parks and is being coordinated with Engineering. The current sidewalk dead ends and does not connect through on the east side of Rogers to The Warehouse. | Confident in estimate from consultant. | No other funds. | Condition of Parks zoning requirement |
| Covenanter Drive Protected Bicycle Lanes (College Mall to Clarizz Blvd) | $2,400,000 | $2,880,000 | Add protected bicycle lanes per the Transportation Plan's priority bicycle network recommendations. This project will likely include bus islands, bus stop improvements, and pedestrian ramp improvements. | | | Comp Plan (Goal 6.1, 6.2, 6.3, 6.4)<br>Transportation Plan (Priority Bicycle Facilities Network, Phase 2);<br>Transportation Plan Recommended Projects<br>Climate Action Plan (Goal TL1, Strategy TL1-A, TL1-B, TL1-C, TL1-G, |
| N Dunn St Multiuse Path (45/46 Bypass to Old SR 37) | $800,000 | $960,000 | This project would be a ~1.3 mile multiuse path on one side of N Dunn St. The proposal is to fund design in order to have a shovel-ready project for the full 1.3 miles; however, it is possible to split the project into multiple phases and start with the southern portion and create a connection to the Griffy Nature Preserve trails system and the adjacent neighborhood. The census block group south of this area (the area between Walnut and Dunn, 17th and the Bypass) is among the highest population density areas of the City. This multiuse path would create a connection for residents to the Griffy Nature Preserve and trail system. | This request will only fund the project's design phase. The intention is to create a shovel-ready project and obtain other funding for construction. | State funding could become available in the near term. Recommend funding design and a match to leverage state funds. | Comp Plan (Goal 6.1, 6.3, 6.4; Goal 1.1, Policy 1.1.3)<br>Transportation Plan (Recommended Projects)<br>Climate Action Plan (Goal TL1, Strategy TL1-A, TL1-B, TL1-G) |
| Griffy Loop Trail dam crossing and community access | $375,000 | $375,000 | Needed to finish Griffy Loop Trail - dam Crossing. Shovel-Ready. The Dam Crossing was value engineered out of the project due to cost when it was approved in Fall 2021. There is currently a Department of Natural Resources (DNR) permit approved for this work. | Already estimated during prior bid process and removed due to value engineering | Applied for in Next Level grant, award notifications Spring 2022. | Parks Strategic Action Plan, Parks CIP |
| W. 2nd Street Modernization and Protected Bike Lanes (Walker St to B-Line) | $1,500,000 | $1,500,000 | This project will construct multimodal safety and mobility improvements on West 2nd Street from Walker Street to the B-Line Trail. Project improvements are expected to include sidewalks, bus stops, a two-way protected bicycle lane, pavement maintenance, and traffic signal replacements. | Local funding need to leverage programmed federal dollars | Local match to leverage ~$3.1 M in MPO funding. | Comp Plan (6.1, 6.3, 6.4), Transportation Plan, MPO TIP, Climate Action Plan, Hospital Sitei Redevelopment Master Plan, Sustainability Action Plan |
| Cascades Phase 6 - path/connection to Miller Showers Park | $3,200,000 | $3,200,000 | We propose starting with an Interdepartmental Scoping Exercise to determine the preferred multi-use path/trail route for a pedestrian connection between Miller Showers Park and the Cascades Phase 5 trail (currently being completed), then moving into design and construction of Phase 6 Trail to Miller Showers. | Large estimate, exact cost will depend on decisions made. | No other funds. | Transportation Plan; Parks Strategic Action Plan |
| | | | | | | |

| Item | Minimum Estimate | Maximum Estimate | General Notes | Financial Notes | Other Potential Funding That Could be Leveraged | City Plan Addressed |
|---|---|---|---|---|---|---|
| **PUBLIC WORKS GO BOND** | **$7,692,500** | **$15,375,000** | | | | |
| Citywide LED conversion of street lights | $1,500,000 | $2,000,000 | Select the 2,469 leased high pressure sodium vapor (HPS) cobra head fixtures to convert to (LED) roadway fixtures mounted on existing. | Head to head conversion approach is the most cost effective since poles and/or electrical systems are not installed -- saving $725k | | Sustainability Action Plan, goal # 8.1 |
| Downtown ADA Curb Ramps (e.g., W Kirkwood and Indiana Ave) | $500,000 | $1,000,000 | Accessibility improvements in downtown areas (some locations are not great candidates for federal funding). We estimate ~$7,000 to install ADA compliant ramps per intersection corner (typically 2 ADA ramps). In some cases it would be beneficial to install bump outs/curb extensions which would be ~$15,000/corner. In addition to accessibility improvements appropriately located bump outs can improve pedestrian safety and help promote speed compliance. This project would be scalable based on the amount of funding allocated. | Project can be scaled between low and high estimates | These roads are not ideal for MPO funding due to historic districts | Comp Plan (6.1, 6.3, 6.4), Transportation Plan, ADA Transition Plan, Climate Action Plan, Sustainability Action Plan |
| Sidewalk projects (TBD) | $300,000 | $1,000,000 | The need and demand for sidewalks currently outpaces available funding. Sidewalk projects would be selected and prioritized based on impacts as well as the ability to pair with other capital projects. Sidewalk construction costs vary dramatically based on context, but on average, sidewalk on one side of a street costs about $1 million per half mile of new sidewalk. A half mile is about 7 city blocks or the distance from the B-Line Trail to the Sample Gates on Kirkwood Avenue. | Project can be scaled between low and high estimates | Could potentially supplement or pair with other capital projects (e.g., Council Sidewalk) and leverage outside funding sources (e.g., Community Development Block Grants). | Comp Plan (6.1, 6.3, 6.4), Transportation Plan, ADA Transition Plan, Climate Action Plan, Sustainability Action Plan |
| Energy efficiency retrofits for all City buildings | $1,000,000 | $3,000,000 | First need to conduct a building energy audit on all primary City owned facilities, then implement recommendations of these audits. | Initial cost assumptions based on GESC 2016 audits | ARPA match; Duke Energy rebates | CAP Goal EB 2 (Phase 1) |
| City fleet vehicle hybrid/ electrification fund | $1,200,000 | $2,200,000 | Replacement of conventional with hybrid. This is scalable depending on investment: will start with prioritizing top 100 vehicles identified in replacement analysis that are over 10 years old and have the fastest return on investment from conversion to hybrid or electric. Approximately 25 vehicles can be replaced for $1,000,000. | Cost is scalable depending on vehicle replacement frequency and type | ARPA match | SAP Goal 8.3, CAP TL2 (2020) |
| GPS for city fleet | $250,000 | $250,000 | The telematics component of a GPS program provides realtime data on vehicle usage citywide. Case studies have shown that across an entire organization our size that a 10-15% reduction in fuel usage is feasible from reduced driving and idling. | | | |
| High Street Multiuse Path and Intersection Modernizations (Arden Dr to 3rd St) | $2,500,000 | $5,000,000 | This project will construct multimodal safety and mobility improvements on High Street from Arden Drive to 3rd Street. Project improvements are expected to include sidewalk curb ramps, accessible bus stops, multiuse path, and intersection modernizations. Multiple intersection alternatives would be evaluated and considered through the project's early design phase. Upon completion, the project would result in a continuous bike and pedestrian facility from 3rd St to Rhorer Rd connecting parks, schools, trails, neighborhoods, etc. | Necessary local match to leverage federal funds. | Local match to leverage ~$3.4 M in MPO funding. | Comp Plan (6.1, 6.3, 6.4), Transportation Plan, MPO TIP, Climate Action Plan, Sustainability Action Plan |

| Item | Minimum Estimate | Maximum Estimate | General Notes | Financial Notes | Other Potential Funding That Could be Leveraged | City Plan Addressed |
|---|---|---|---|---|---|---|
| Create green waste yard at Lower Cascades Park | $400,000 | $500,000 | Already designed, shovel ready. We have had an initial discussion about this between Parks and Public Works (esp. Sanitation/Street): both departments generate a lot of green waste and a key disposal location in the community was recently closed. Additionally, City employees spend time and resources to haul green waste off-site. Design has already been completed to install this at Lower Cascades (south of the ball fields) but it was not completed due high bids. | Estimate should cover construction, still researching potential additional equipment costs | | Climate Action Plan, Parks Strategic Action Plan, Parks CIP |
| Citywide traffic signal retiming | $42,500 | $425,000 | This is a part of continued efforts to enhance the safety and efficiency of the City's traffic signal system. This project wouldn't include changes to physical infrastructure but rather optimizes the physical infrastructure in place to be as smart/safe/efficient as possible. The project would start in FY2024 when its programmed federal Highway Safety Improvement Program funds become available. | We need a PO for $425,000 of which $382,500 will be reimbursed. | Local match to leverage $382,000 in MPO funding. | Comp Plan (6.1, 6.3, 6.4), Transportation Plan, MPO TIP, Climate Action Plan, Sustainability Action Plan |
| | | | | | | |
| **TOTAL** | **$16,192,500** | **$24,515,000** | | | | |

CITY OF BLOOMINGTON

# New Revenue: Frequently Asked Questions

*As of March 29, 2022. As details are developed, this document will be updated.*

## About the Local Income Tax

**What is a Local Income Tax (LIT)?**

The Local Income Tax (or LIT) is a tax on income, paid by individuals. It is a proportionate tax on adjusted gross income, assessed at a flat rate, meaning that the more income you earn, the more tax you pay. The LIT rate is set and imposed countywide.

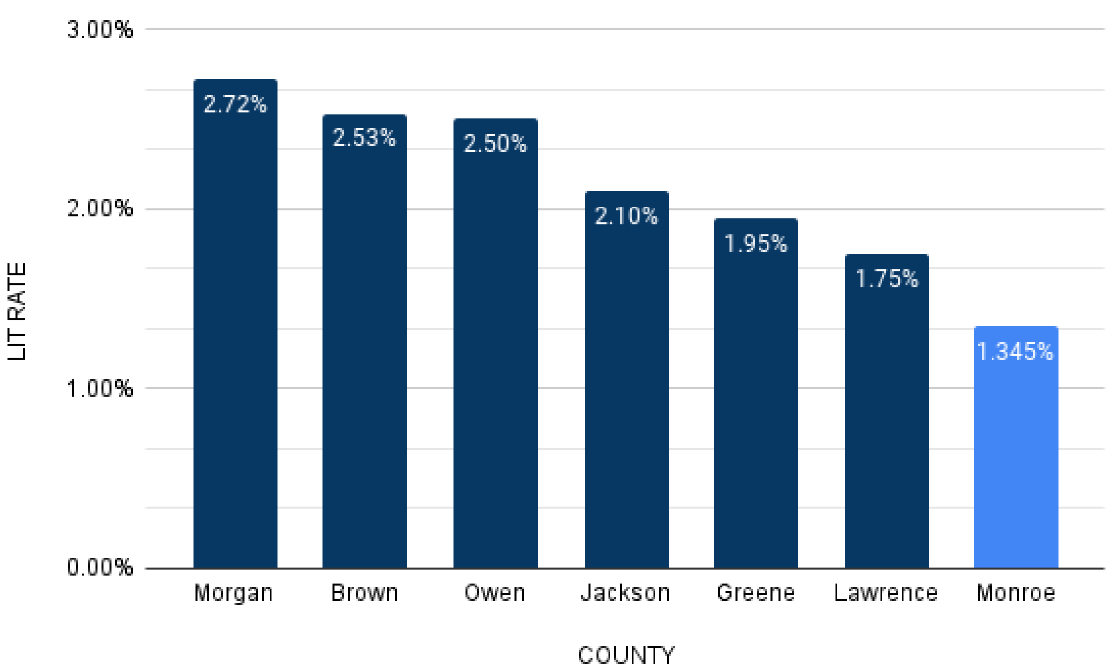
**What is our current Local Income Tax rate?**

The LIT rate for Monroe County is currently 1.345% of adjusted gross personal income for Monroe County residents.

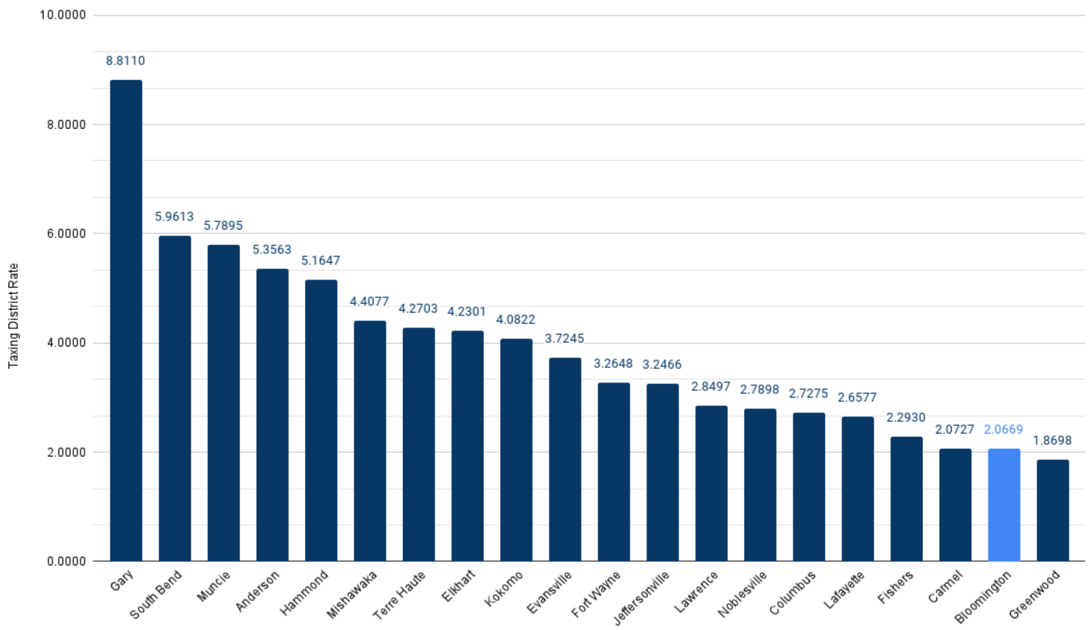
**How does our tax rate compare to other communities?**

Historically, Monroe County has among the lowest tax rates in the region, including the lowest local income tax rate of our seven contiguous counties. Monroe County's rate ranks 23rd from the lowest among the 92 counties in the state - in the bottom quartile.

*Source: Indiana Department of Revenue*



Note that among Indiana's 20 largest cities (excluding the unique combined city/county of Indianapolis/Marion County), Bloomington is a very low-tax city. Specifically, we are in the lowest quartile of those cities both for property tax rates and local income tax rates.




*Source: Reedy Financial Group*

## LIT Logistics and Implementation

**How does the LIT change?**

A new Monroe County tax may be proposed by the Bloomington City Council, the County Council, the Ellettsville Town Council, or the Stinesville Town Council. These Councils together form the "Local Income Tax Council" or LIT Council for Monroe County. The Councils can meet together to vote, or each council may vote on the proposed tax separately. The LIT Council has 100 votes in total, which are distributed among the member councils based on population. Because a majority of Monroe County's population lives in Bloomington, Bloomington's City Council has a majority share of the votes.

**I've heard people argue this is "taxation without representation." Is that true?**

No. The County's Tax Council (made up of the fiscal bodies of the County, Cities & Towns) is designated in each county with the authority to impose a local income tax. Every member of each county fiscal body, like every City Council member, has representation on the LIT Board and each gets to vote on a proposed tax, with proportional voting power. A total number of 100 votes is allocated based on the population of each of the fiscal bodies within that county, as follows:

- Each of 9 City Council members: 6.30 votes
- Each of 7 County Council members: 5.49 votes
- Each of 5 Ellettsville Council members: 0.95 votes
- Each of 3 Stinesville Council members: 0.05 votes

Any combination of affirmative votes adding to more than 50 (out of a total of 100 possible votes) determines the outcome of any LIT council vote on a proposal.

**Are funds raised by the LIT put into a special fund or the general fund for the City, and why?**

Funds resulting from a LIT increase would go into the general fund for the City, so there would be just one annual budget for the City. There are a few reasons for this:

- A LIT increase would be ongoing, as opposed to one-time monies, like federal America Rescue Plan Act (ARPA) funds.
- The revenue raised through this LIT increase wouldn't be only for one specific purpose, like revenue raised through a Public Safety (PS) LIT, but rather would be designed to meet several major pressing needs like climate change and public safety and cover increased expenses related to overall City operations.
- Our specific priorities may change over time, as our community evolves and our needs change.

The annual City budget process is public and requires approval by the City Council. This provides an annual opportunity to review and refine the way the LIT is spent.

**Why doesn't the LIT proposal include a percentage increase?**

The first step in this process is to identify necessary community projects and programs and how much those projects will cost annually. The resulting LIT rate is primarily just a function of the work done in step one--after the Council and the Mayor and the community have identified desired projects, we sort out the resulting LIT rate as step two of the process. That rate decision is ultimately what the Council formally acts upon – adopting a new rate through formal resolutions and votes. Basic parameters on the limits of a LIT rate are of course part of the conversation, but within those limits, the focus is first on deciding which projects should be funded, not on the rate itself.

State law outlines different options for a LIT, which have different impacts on City revenue. You'll note in the examples below there's a large revenue disparity between these different LIT approaches, which is another reason the focus has been on the needs, not the percentage.

Reflecting the healthy growth of our local economy, the following are estimates, **for illustration only**, of what a 1.0 percentage point increase in the LIT would produce annually for the City:

| | |
|---|---|
| Economic Development LIT, using population method: | $21.04 million |
| Economic Development LIT, using assessed value method: | $16.83 million |
| Certified Shares LIT | $12.56 million |

**What does the portion of LIT for property tax relief mean?**
Indiana Code 6-3.6-5-4 allows a county to impose a LIT rate to be used as a credit against property taxes. This allows the County to use LIT funds for the purpose of offsetting property taxes for all residents: this operates essentially as an exemption/credit on a person's property taxes.

## Why Raise the LIT?

**Why doesn't the City just cut costs and tighten its belt instead of raising the LIT?**
The City consistently reviews and implements ways to save money through innovation and critical assessment of programs and services provided. Programs and services that have proven necessary and helpful to residents continue; those that are not are improved upon or discontinued. Savings in the past several years include solar panel installations that lower energy costs; adding quick response vehicles to the Fire Department fleet reducing wear and tear on expensive large equipment like ladder trucks; more efficient deployment of Public Works crews in longer day-shifts; and revamping how leaves are collected and processed. The scope of services, programs, and projects that the City seeks to provide to its residents, however, is much larger in scope; savings cannot fund these needs without drastic and damaging reductions in personnel and essential services.

**What would happen if the LIT didn't pass?**
Bloomington would be faced with very significant challenges in the coming years meeting our current level of services and continuing to move forward on economic, social, and environmental justice endeavors. The City Council would not be able to ratify the agreed-upon FOP contract, as there are no funds available for the additional salary costs (approximately $1.5 million annually.) Many other initiatives such as those outlined in the Climate Action Plan (CAP), affordable housing investments, or public transit improvements would also not have funding available.

**Why is this being proposed now?**
An increase is essential if we are to be proactive about rebuilding our community from this downturn in a way that better incorporates our goals for public safety and economic, racial, and climate justice. We also have to plan ahead, and one never knows if and when the state legislature might adjust a municipality's ability to accomplish new revenues. Mayor Hamilton proposed a 0.5% increase to the LIT in January of 2020, designed for climate change action and preparedness and equity. The onset of the COVID-19 pandemic made this not feasible at

the time. In the fall of 2020, Mayor Hamilton proposed a 0.25% increase to the LIT, focused on COVID response, climate action, and economic justice. This did not receive the necessary votes to be implemented.

We are very fortunate that federal funds arrived in time to allow continued services. Significant programs and initiatives have been operated with American Rescue Plan Act (ARPA) dollars to keep our community safe and operating, and to “Recover Forward” out of the recession toward a more equitable, sustainable future. Many of these essential efforts will not be able to continue without an increase in the LIT providing ongoing funding. As our community recovers from the COVID-19 pandemic, amid rising labor and materials costs, we will not have the resources we need to meet our stated goals as a community without this increase in the LIT.

The needs are urgent and the sooner the LIT is approved the sooner we will have resources available to address our community’s needs.

**How will this revenue help Bloomington recover from the COVID pandemic?**

City government has a responsibility to Bloomington’s future even as we seek immediately to repair the damage wrought by the COVID pandemic. The revenues generated by the proposed Local Income Tax are needed not only to compensate for the current downfall but to build the City back in a way that ensures long-term and widely distributed well-being and resiliency. Proposed investments will move us toward this stronger, more just, and more sustainable future by increasing access to jobs, housing, social services, transportation options, quality of life, retaining and attracting well-trained public safety professionals, and more.

## LIT Impact

### The LIT is a flat tax. Can we make the impact of the LIT more progressive (i.e. less burdensome on low-income residents)?

Unfortunately, the State of Indiana doesn’t allow municipalities to levy a wealth tax or a progressive income tax. The LIT proposal does include $750,000 annually for an economic equity fund that would provide direct benefits to low-income working residents and families.

### Is the tax just for City residents or would it apply to all residents of Monroe County?

According to state law, local income taxes are county-specific; so the LIT would apply to all Monroe County residents. Revenues are allocated to different local jurisdictions – cities, county, etc. – according to a state formula.

**Do all Indiana counties have a tax like this?**

All 92 Indiana counties have a Local Income Tax.

**Locally, how many new taxes or raised taxes have been enacted since 2016?**

Two. The public safety local income tax was adopted by the LIT Council in 2016 at a 0.25% rate to fund police, fire, and dispatch improvements that protect us all. The food and beverage tax, enacted by County Council in 2018, was a new 1% sales tax placed on retail sales of prepared food and beverages and will be used to fund a convention center expansion and other tourism-related projects.

## About General Obligation Bonds

**What is a General Obligation (G.O.) bond?**
A general obligation bond (G.O. bond) is a municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects. No assets are used as collateral.

**What are the benefits of using G.O. bonds to fund projects?**
G.O. bonds allow cities to fund high-cost long-term capital infrastructure that allows repayment of longer periods of time. Typically bonds are issued with a repayment term of 5 to 30 years. G.O. bonds are backed by and repaid with local property taxes and are guaranteed by the State to receive first priority funding. Because of this repayment source, they generally receive a Governmental unit's highest bond rating and are therefore considered a safe investment. In addition, these G.O. bonds are generally exempt from state and local taxes.

**What projects are best suited to being funded with a G.O. bond?**
One-time capital investments are good projects for being funded with a G.O. bond, such as a multi-use trail or essential equipment replacements.

## Proposed Climate Action Plan Investments

**The proposed LIT increase provides $1,500,000 annually in investments to implement the Climate Action Plan (CAP). What are examples of items that could be implemented?**
The Climate Action Plan can be found here: https://bton.in/ZC2Y5

1. Transportation investments
    a. City fleet vehicle electrification *(CAP TL 2-A: support and encourage electric vehicle adoption)*

    b. Expanded micromobility options (example: electric bike share program) *(CAP TL 1-B)*
    c. Transportation demand management *(CAP TL 1-A: reduce single-occupancy vehicle use)*
2. Energy and built environment investments:
    a. Energy efficiency retrofits for all City buildings *(SAP 8.1: reduce non-renewable energy use from municipal operations)*
    b. Bloomington Housing Authority solar conversion *(CAP EB1: increase distributed renewable energy)*
    c. Continuing and expanding the Solar & Energy Efficiency Loan (SEEL) program for nonprofits and small businesses *(CAP EB5: increase financing options for energy efficiency and renewable energy)*
    d. Continuing and expanding the Bloomington Green Home Improvement Program (BGHIP) for homeowners *(CAP EB5: promote equity in energy and resource costs and ownership)*
3. Local agriculture investments:
    a. Local food purchasing incentive program *(CAP FA 3: increase and stabilize the local food market)*
    b. School food garden program *(CAP FA 3: increase local food supply)*
    c. Incentives for food processor businesses *(CAP FA 3: increase local food supply)*
    d. Increased community gardens *(Sustainability Action Plan 4.2: increase food gardens within the community)*
4. Waste management investments:
    a. Curbside composting program, parallel to trash and recycling services *(CAP WM1: increase organics diversion)*
    b. Recycling services for apartment buildings and other multi-family units (4+) *(CAP WM 1: increase recyclables diversion)*
5. Additional tree canopy measures, such as shade trees in high heat areas and/or private tree planting incentives *(CAP G2: increase citywide tree canopy coverage)*
6. Funding for the Green Ribbon Panel to accelerate climate action *(CAP CE 2: attract, create, and support businesses that are committed to sustainability and climate goals)*

**CITY OF BLOOMINGTON**
**LEGAL DEPARTMENT**
**MEMORANDUM**

TO: Members of the Common Council of the City of Bloomington

FROM: Mayor John Hamilton
Beth Cate, Corporation Counsel
Jeff Underwood, Controller

CC: Stephen Lucas, Council Attorney

DATE: April 1, 2022

RE: 2022 Park District and General Obligation Bonds - Ordinance 22-13 and 22-14

**Executive Summary**: If approved, Ordinances 22-13 and 22-14 would: (1) authorize the issuance and appropriation of General Obligation Bonds in an amount not to exceed $5,800,000 and (2) approve the issuance of Park District Bonds in an amount not to exceed $5,800,000 (collectively "2022 Bonds"). The term for the 2022 Bonds will be no longer than six (6) years with an interest rate not to exceed five percent (5%). The 2022 Bonds would be used for a variety of City infrastructure needs and advance the City's climate change, equity and quality of life goals. While there is a limit on the amount of debt a municipality may have outstanding at one time, the City is well under that limit, meaning that even after the 2022 Bonds are issued the City will retain the flexibility necessary to address subsequent urgent infrastructure needs.

**Proposed Projects**: City staff are recommending a variety of long-term capital investments and funding for projects throughout the City to promote climate change preparedness and improve equity and quality of life for all. Once implemented, the City expects that the projects will generate revenue savings that will help offset the debt services on the 2022 Bonds.

The list of projects below are ordered by their proposed priority for each bond series. City Staff have been available to answer Councilmembers' questions about the projects and will be available at the April 13 Committee of the Whole Council meeting and April 20 public hearing to discuss the projects. The Council may choose to remove or reprioritize projects on this list. Although the total estimated costs of the listed projects exceeds $5,000,000, the Ordinances will only authorize $5,000,000 toward these projects. Once issued, the bond funds could be used for any combination of the projects in case projects are reprioritized or are no longer feasible.

| **2022 General Obligation Bonds (Ord. 22-13)** | | |
|---|---|---|
| Item | Min. Cost Estimate | Max. Cost Estimate |
| Conversion of Citywide street lights to LED technology | $1,500,000 | $2,000,000 |

| | | |
|---|---|---|
| Construction of downtown ADA-compliant curb ramps (from W. Kirkwood and Indiana Ave) | $500,000 | $1,000,000 |
| Construction of various sidewalk projects throughout the City | $300,000 | $1,000,000 |
| Energy efficiency retrofits for all City buildings | $1,000,000 | $3,000,000 |
| Upgrade of City vehicle fleet to hybrid/electric vehicles | $1,200,000 | $2,200,000 |
| Purchase and installation of GPS equipment for City vehicle fleet | $250,000 | $250,000 |
| Construction of High Street Multiuse Path and Intersection Modernize (from Arden Dr to 3rd St) | $2,500,000 | $5,000,000 |
| Construction of a green waste yard at Lower Cascades Park | $400,000 | $500,000 |
| Citywide traffic signal retiming | $42,500 | $425,000 |

| **2022 Parks District Bonds (Ord. 22-14)** | | |
|---|---|---|
| Item | Min. Cost Estimate | Max. Cost Estimate |
| Replace various gas-powered equipment with electrically-powered equipment | $25,000 | $25,000 |
| Replace missing sidewalk on Rogers St. by Switchyard Park | $200,000 | $200,000 |
| Addition of protected bicycle lanes along Covenanter Drive (from College Mall to Clarizz Blvd) | $2,400,000 | $2,880,000 |
| Design and right-of-way for North Dunn Street multiuse path (from the SR 45/46 Bypass to Old SR 37) | $800,000 | $960,000 |
| Griffy Loop Trail dam crossing and community access improvements | $375,000 | $375,000 |
| Implementation of West 2nd Street modernization, including new signalization and protected bicycle lanes (from Walker Street to B-Line trail) | $1,500,000 | $1,500,000 |
| Construction of a pathway to connect Lower Cascades Park to Miller Showers Park (Phase 6) | $3,200,000 | $3,200,000 |

**Background:**
Bonds are frequently used by municipal governments to pay for large capital improvements that cannot be funded otherwise. The proposed bonds that would be authorized by passage of Ordinances 22-13 and 22-14 are general obligation (GO bonds) and special taxing district bonds of the City's Park District (Park District Bonds).

General obligation bonds (GO Bonds) are bonds that are payable from the City's general funds and secured by the full faith and credit of the city. In this case, the City is pledged repayment of the GO Bonds from its general tax revenue. The GO Bonds will count toward the City's constitutional and statutory debt limit of 2% of Adjusted Value of taxable property within the City.[1] The City's current debt limit based on its 2022 Adjusted Assessed Value is $27,998,014.00. Our existing bond obligations are $8,750,000, which leaves $19,248,014 in bonding capacity under our current debt limit.

Park District Bonds are explicitly authorized under Indiana Code § 36-10-4-35, which allows the Bloomington Park District to issue bonds to pay for improvements or land acquisitions, which are supported by a special benefits tax. The Board of Park Commissioners is charged with authorizing the issuance of Park District Bonds and appropriating the Park District Bonds. The Board of Park Commissioners approved the projects and preliminarily approved issuance of the bonds in resolution 22-02 passed on March 30, 2022. Park District Bonds must also be approved by the Council as part of the statutory approval process. Park District Bonds are not subject to the City's general constitutional debt limit because they arise from a special taxing district for parks.

**Process and Next Steps:**

Indiana Code § 36-4-6-19 authorizes the Common Council to approve ordinances to issue bonds. Such ordinances must include the terms of the bonds, time and manner of giving notice for the sale of the bonds, the manner in which the bonds will be sold, and the maximum total of any issue of the bonds. The Council also will authorize the additional appropriation, which shall be subject to public notice and hearing.

Likewise, Indiana Code § 36-10-4-16 requires the authorization of the Common Council by Ordinance prior to the Park District issuing bonds. Upon approval by Council, the Board of Park Commissioners will publish notice and hold a public hearing. At the conclusion of the public hearing the Park Commissioners will vote on a confirmatory resolution to issue the bonds.

Here are the dates for the meetings:

- March 30, 2022: Board of Parks Commissioners votes on initiating resolution authorizing projects and recommending issuance of bonds (completed)
- April 6, 2022: Common Council's first reading of bond resolutions

[1] Under Article 13, Section 1 of the Indiana Constitution, a municipality has a debt limit of 2% of the net assessed value of taxable property within the corporate boundaries. The State legislature enacted Indiana Code Chapter 36-1-15 which defines the Adjusted Value of assessed value for purposes of the bond limitation as one third (⅓) of the net assessed value of property.

- April 8, 2022: Notices published in The Herald-Times for additional appropriation and Park Bond public hearings
- April 13, 2022: Common Council Committee of the Whole consideration of the bond ordinances
- April 20, 2022: Common Council public hearing regarding additional appropriation and second reading of the bond ordinances
- April 26, 2022: Public hearing and Board of Park Commissioners' consideration of confirmatory resolution on Park District Bonds
- May 2, 2022: If approved, notices of decision to issue bonds published in The Herald-Times for first time pursuant to Ind. Code 5-3-1-2(d)
- May 9, 2022 (or after): Second notice of decision to issue bonds published in The Herald-Times

**City of Bloomington Indiana**
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**MEMO FROM COUNCIL OFFICE ON:**

**Ordinance 22-13 – Authorizing the Issuance of the City of Bloomington, Indiana, General Obligation Bonds, Series 2022, to Provide Funds to Finance the Costs of Certain Capital Improvements, Including Costs Incurred in Connection With and On Account of the Issuance of the Bonds, and Appropriating the Proceeds Derived from the Sale of Such Bonds, All for the Purpose of Promoting Climate Change Preparedness and Implementing Equity and Quality of Life Improvements for all City Residents**

**Synopsis**
This Ordinance approves the issuance of general obligation bonds of the City of Bloomington, Indiana, under Indiana Code § 36-4-6-19, in an aggregate principal amount not to exceed $5,800,000, for the purpose of financing longer-term capital projects and investments throughout the City in order to promote climate change preparedness and implement equity and quality of life for all City residents.

*Note: Exhibit A to Ordinance 22-13 was revised after distribution in the Legislative Packet but before introduction at the Regular Session on April 6, 2022. The revision moved the High Street multiuse path and intersection modernization project to the top of the list contained in the exhibit to reflect the order of the administration's project priorities.*

**Relevant Materials**
- New Revenue Package Memo and supporting materials
- Memo re: Ordinance 22-13 and 22-14 from Mayor Hamilton, Corporation Counsel Beth Cate, and Controller Jeff Underwood
- Ordinance 22-13
    - Exhibit A – Description of Projects

**Summary**
The Mayor and administration previously announced and discussed a new revenue package proposal in order to fund investments in public safety, climate change preparedness and mitigation, equity and quality of life improvements, and essential city services. The administration has created a webpage discussing this proposal in more detail here - https://bloomington.in.gov/newrevenue. This webpage also solicits public feedback on the proposal near the bottom of the page.

As one part of this new revenue package proposal, Ordinance 22-13 would authorize the issuance of general obligation bonds in an amount not to exceed $5.8 million to fund projects meant to address climate change preparedness and mitigation and to make equity/quality of life improvements. Another bond ordinance (Ordinance 22-14) addressing Park District bonds is scheduled to be introduced and considered alongside Ordinance 22-13. A related resolution proposing an increase to the local income tax (LIT) is contained in this packet and is scheduled for discussion alongside the two bond ordinances.

Overview of Proposed Capital Improvements

Multiple capital improvement projects (the "2022 Projects") are proposed to be funded by the issuance of general obligation bonds. The 2022 Projects are listed in order of the administration's priorities and briefly described in Exhibit A to Ordinance 22-13. Additional information about the projects and estimated costs can be found in Appendix C to the New Revenue Package Memo provided by Mayor Hamilton and included in this packet.

General Overview of Bond Ordinances

Bond ordinances are long and very technical documents that set forth the procedures regarding the form of the bonds as well as how they are issued, registered, sold, paid out, and redeemed. In general, it is important to note that these are tax exempt bonds, which impose requirements upon the City regarding use of proceeds and reporting to the Internal Revenue Service. Also, it is important to note that the bonds are secured by a pledge of tax revenues. These bonds would apply toward the City's constitutional debt limit, described in more detail in the memo provided by the administration.

In brief, the ordinance:

- Finds that it would be of public utility and benefit and in the best interests of the City to finance all or part of the 2022 Projects with general obligation bonds;
- Authorizes the City to sell a maximum of $5.8 million in general obligation bonds in order to fund all or a portion of the costs of the 2022 Projects, as well as to fund the costs of issuing the bonds;
- States that the proceeds from the sale of the bonds are to be deposited into a construction fund called the City of Bloomington, Indiana, 2022 Projects Fund;
- Attaches Exhibit A, which provides a brief description of the 2022 Projects to be funded through the issuance of the bonds;
- Authorizes bonds with a maximum interest rate of 5% per year and maximum maturity period of no more than 6 years;
- Includes an example bond in the same form and tenor of the bonds to be issued; and
- Specifies the conditions and procedures under which the terms of the bond may be amended.

Beyond approving the issuance of the bonds, the ordinance also appropriates $5.8 million out of the proceeds of the 2022 bonds for the purpose of providing funds to pay the costs of the 2022 Projects. Additional appropriations may be made after advertising and holding a public hearing on the proposed appropriation. The consideration of this ordinance on April 20th will serve as the legally-advertised public hearing.

**Contact**

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Jeff Underwood, Controller, underwoj@bloomington.in.gov, 812-349-3412

**ORDINANCE 22-13**

**AUTHORIZING THE ISSUANCE OF THE CITY OF BLOOMINGTON, INDIANA, GENERAL OBLIGATION BONDS, SERIES 2022, TO PROVIDE FUNDS TO FINANCE THE COSTS OF CERTAIN CAPITAL IMPROVEMENTS, INCLUDING COSTS INCURRED IN CONNECTION WITH AND ON ACCOUNT OF THE ISSUANCE OF THE BONDS, AND APPROPRIATING THE PROCEEDS DERIVED FROM THE SALE OF SUCH BONDS, ALL FOR THE PURPOSE OF PROMOTING CLIMATE CHANGE PREPAREDNESS AND IMPLEMENTING EQUITY AND QUALITY OF LIFE IMPROVEMENTS FOR ALL CITY RESIDENTS**

WHEREAS, the Common Council (the "Council") of the City of Bloomington, Indiana (the "City") has given consideration to the acquisition, design, construction, renovation, improvement and/or equipping of certain public infrastructure and/or other local public improvements more particularly described on Exhibit A hereto and made a part hereof, each of which is reasonably considered to be an independently desirable end in itself without reference to another capital project (collectively, the "2022 Projects"); and

WHEREAS, the Council hereby finds that it would be of public utility and benefit and in the best interests of the City and its citizens to finance the costs of all or a portion of the 2022 Projects through the issuance of general obligation bonds of the City; and

WHEREAS, the Council deems it advisable to authorize the issuance, in one or more series, of general obligation bonds of the City pursuant to Indiana Code § 36-4-6-19, as amended, designated as the "City of Bloomington, Indiana, General Obligation Bonds, Series 2022", with such different or additional series designation determined to be necessary or appropriate (the "2022 Bonds"), in the original aggregate principal amount not to exceed Five Million Eight Hundred Thousand Dollars ($5,800,000), for the purpose of providing funds to be applied to pay all or a portion of (a) the costs of the 2022 Projects, (b) capitalized interest on the 2022 Bonds, if necessary, and (c) the costs incurred in connection with the issuance and sale of the 2022 Bonds and all incidental expenses therewith, including the cost of any credit enhancement with respect thereto (if necessary), with all of the foregoing costs and expenses in an aggregate amount not to exceed $5,800,000; and

WHEREAS, the original principal amount of the 2022 Bonds, together with the outstanding principal amount of previously or contemporaneously issued bonds or other obligations which constitute a debt of the City, is no more than two percent (2%) of one-third (1/3) of the total net assessed valuation of the City; and

WHEREAS, the amount of proceeds of the 2022 Bonds allocated to pay costs of the 2022 Projects, together with estimated investment earnings thereon, does not exceed the cost of the 2022 Projects as estimated by the Council; and

WHEREAS, the Council has found that there are insufficient funds available or provided for in the existing budget and tax levy which may be applied to the costs of the 2022 Projects and has authorized the issuance of the 2022 Bonds to procure such funds and that a need exists for the making of the additional appropriation hereinafter set out; and

WHEREAS, notice of a hearing on said appropriation has been duly given by publication as required by law, and the hearing on said appropriation has been held, at which all taxpayers and other interested persons had an opportunity to appear and express their views as to such appropriation; and

WHEREAS, the Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of the 2022 Bonds and an additional appropriation of the City have been complied with in accordance with the Act.

NOW THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, THAT:

SECTION 1. Authorization for the Bonds. In order to provide financing for the 2022 Projects and incidental expenses incurred in connection therewith and on account of the issuance of the 2022 Bonds, the City shall borrow money and issue the 2022 Bonds as herein authorized. The Council hereby determines that each of the Projects is reasonably considered to be an independently desirable end in itself without reference to another capital project.

SECTION 2. General Terms of Bonds.

In order to procure said loan for such purposes, the Controller is hereby authorized and directed to have prepared and to issue and sell negotiable general obligation bonds of the City, in one or more series, in an aggregate principal amount not to exceed Five Million Eight Hundred Thousand Dollars ($5,800,000) (the "Authorized Amount"), to be designated "City of Bloomington, Indiana, General Obligation Bonds, Series 2022," with such different or additional series designation determined to be necessary or appropriate, for the purpose of providing financing for the 2022 Projects and incidental expenses, such expenses to include, without limitation, capitalized interest on the Bonds, if necessary, all expenses of every kind incurred preliminarily to the funding of the 2022 Projects and the costs of selling and issuing the 2022 Bonds.

The 2022 Bonds shall be signed in the name of the City by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the Controller of the City, who shall affix the seal of the City, if any, to each of the 2022 Bonds manually or shall have the seal imprinted or impressed thereon by facsimile or other means. In case any officer whose signature or facsimile signature appears on the 2022 Bonds shall cease to be such officer before the delivery of the 2022 Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery thereof. The 2022 Bonds shall also be authenticated by the manual signature of the Registrar (as hereafter defined). Subject to the provisions of this Ordinance regarding the registration of the 2022 Bonds, the 2022 Bonds shall be fully negotiable instruments under the laws of the State of Indiana.

The 2022 Bonds are, as to all the principal thereof and interest due thereon, general obligations of the City, payable from *ad valorem* property taxes on all taxable property within the City.

The 2022 Bonds shall be issued in fully registered form in denominations of Five Thousand Dollars ($5,000) or any integral multiple thereof, or, if determined by the Controller to be in the best interest of the City, based upon the recommendation of the financial advisor, in denominations of $100,000 plus any integral multiple of $1,000 in excess thereof. The 2022 Bonds shall be numbered consecutively from 2022R-1 upward, and shall be originally dated as of their date of issuance. The 2022 Bonds shall bear interest payable semiannually on February 15 and August 15 of each year, or such other dates as determined by the Controller prior to the sale of the Bonds, based on advice of the financial advisor to the City, beginning no earlier than February 15, 2023, at a rate or rates not exceeding five percent (5.00%) per annum (the exact rate or rates to be determined by bidding or negotiation pursuant to Section 6 of this Ordinance). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. The 2022 Bonds shall mature or be subject to mandatory redemption on February 15 and/or August 15, or such other dates as determined by the Controller prior to the sale of the Bonds, based on advice of the financial advisor to the City, over a period ending no later than six (6) years from the date of issuance of the first series of the 2022 Bonds.

All payments of interest on the 2022 Bonds shall be paid by check mailed one business day prior to the interest payment date to the registered owners thereof as of the first (1st) day of the month in which interest is payable (each, a "Record Date") at the addresses as they appear on the registration books kept by the Registrar (the "Registration Record") or at such other address as is provided to the Paying Agent (as hereafter defined) in writing by such registered owner. All principal payments on the 2022 Bonds shall be made upon surrender thereof at the principal office of the Paying Agent, in any coin or currency of the United States of America which on the date of such payment shall be legal tender for the payment of public and private debts.

Interest on 2022 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date thereof unless such 2022 Bonds are authenticated after the first (1st) day of the month of such interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless authenticated on or before the initial Record Date, in which case they shall bear interest from the original date, until the principal shall be fully paid.

Each Bond shall be transferable or exchangeable only upon the Registration Record by the registered owner thereof in person, or by his attorney duly authorized in writing, upon surrender of such Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered 2022 Bond or 2022 Bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City, except for any tax or governmental charge required to be paid in connection therewith, which shall be payable by the person requesting such transfer or exchange. The City, the Registrar and the Paying Agent may treat and consider the persons in whose names such 2022 Bonds are registered as the absolute owners thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

In the event any Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 2022 Bonds issued hereunder.

SECTION 3. Terms of Redemption.

The Controller, upon consultation with the City's financial advisor, may designate maturities of 2022 Bonds (or portion thereof in integral multiples of $5,000 principal amount each) that shall be subject to optional redemption and/or maturity sinking fund redemption, and the corresponding redemption dates, amounts and prices (including premium, if any). Except as otherwise set forth in this Ordinance, the Controller, upon consultation with the City's financial advisor, is hereby authorized and directed to determine the terms governing any such redemption.

Notice of redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner of a Bond to be redeemed as shown on the Registration Record not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by owners of 2022 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any Bond shall not affect the validity of any proceedings for the redemption of any other 2022 Bonds. Any notice of redemption required under this section shall identify the 2022 Bonds to be redeemed including the complete name of the 2022 Bonds, the interest rate, the issue date, the maturity date, the respective CUSIP numbers (if any) and certificate numbers (and, in the case of a partial redemption, the respective principal amounts to be called) and shall state (i) the date fixed for redemption, (ii) the Redemption Price, (iii) that the 2022 Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address of the principal corporate trust office of the registrar and paying agent at which the 2022 Bonds must be surrendered together with the name and telephone number of a person to contact from the office of the registrar and paying agent, (v) any condition precedent to such redemption, (vi) that on the date fixed for redemption, and upon the satisfaction of any condition precedent described in the notice, the Redemption Price will be due and payable upon each such 2022 Bond or portion thereof and that interest on the 2022 Bonds called for redemption ceases to accrue on the date fixed for redemption, and (vii) that if such condition precedent is not satisfied, such notice of redemption is rescinded and of no force and effect, and the principal and premium, if any, shall continue to bear interest on and after the date fixed for redemption at the interest rate borne by the 2022 Bond. The place of redemption may be determined by the City. Interest on the 2022 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 2022 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 2022 Bonds which have been redeemed shall be canceled and shall not be reissued; provided, however, that one or more new registered 2022 Bonds shall be issued for the unredeemed portion of any Bond without charge to the holder thereof.

No later than the date fixed for redemption, funds shall be deposited with the Paying Agent or another paying agent to pay, and such agent is hereby authorized and directed to apply such funds to the payment of, the 2022 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made upon any Bond or portion thereof called for redemption until such bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

SECTION 4. Appointment of Registrar and Paying Agent.

The Controller is hereby authorized to serve as, or to appoint a qualified financial institution to serve as, registrar and paying agent for the 2022 Bonds (the "Registrar" or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 2022 Bonds, and shall keep and maintain at its principal office or corporate trust office books for the registration and transfer of the 2022 Bonds. The Controller is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of the Registrar and Paying Agent. The Controller is authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent by giving thirty (30) days written notice to the Controller and to each registered owner of the 2022 Bonds then outstanding, and such resignation will take effect at the end of such thirty (30) days or upon the earlier appointment of a successor Registrar and Paying Agent by the Controller. Such notice to the Controller may be served personally or be sent by first-class or registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the Controller, in which event the Controller may appoint a successor Registrar and Paying Agent. The Controller shall notify each registered owner of the 2022 Bonds then outstanding of the removal of the Registrar and Paying Agent. Notices to registered owners of the 2022 Bonds shall be deemed to be given when mailed by first-class mail to the addresses of such registered owners as they appear on the bond register. Any predecessor Registrar and Paying Agent shall deliver all the 2022 Bonds, cash and investments in its possession and the bond register to the successor Registrar and Paying Agent. At all times, the same entity shall serve as Registrar and as Paying Agent.

SECTION 5. Form of Bonds; Clearing Agency.

(a) The form and tenor of the 2022 Bonds shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery thereof:

2022R-

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF MONROE

CITY OF BLOOMINGTON, INDIANA

GENERAL OBLIGATION BOND, SERIES 2022

| Interest Rate | Maturity Date | Original Date | Authentication Date | [CUSIP] |
|---|---|---|---|---|

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS ($______)

The City of Bloomington, in Monroe County, Indiana (the "City") for value received, hereby promises to pay to the Registered Owner set forth above, the Principal Sum set forth above on the Maturity Date set forth above, and to pay interest thereon until the Principal Sum shall be fully paid, at the Interest Rate per annum specified above from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the first day of the month of such interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before [August 1, 2023], in which case it shall bear interest from the Original Date, which interest is payable semiannually on February 15 and August 15 of each year, beginning on [August 15, 2023]. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The principal of this bond is payable at __________________ (the "Registrar" or "Paying Agent"), in __________, Indiana. All payments of interest on this bond shall be paid by check mailed one business day prior to the interest payment date to the registered owner hereof as of the first day of the month in which interest is payable at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the Registered Owner. Each registered owner of $1,000,000 or more in principal amount of 2022 Bonds shall be entitled to receive interest payments by wire transfer by providing written wire instructions to the Paying Agent before the record date for any payment. All payments of principal of and premium, if any, on this bond shall be made upon surrender thereof at the principal [corporate trust] office of the Paying Agent in any coin or currency of the United States of America which on the dates of such payment shall be legal tender for the payment of public and private debts, or in the case of a Registered Owner of $1,000,000 or more in principal amount of 2022 Bonds, by wire transfer on the due date upon written direction of such owner provided at least fifteen (15) days prior to the maturity date.

This bond is one of an authorized issue of negotiable general obligation 2022 Bonds of the City, of like original date, tenor and effect, except as to denomination, numbering, interest rates, and dates of maturity, in the total amount of ____________ ($___________), numbered consecutively from 2022R-1 upward, issued for the purpose of financing the costs of (a) the costs of the acquisition, design, construction, renovation, improvement and/or equipping of certain public infrastructure and/or other local public improvement projects as more particularly described in the Ordinance (as defined herein), (b) capitalized interest on the Bonds, and (c) the costs incurred in connection with the issuance and sale of the bonds and all incidental expenses therewith, as authorized by Ordinance ______ adopted by the Common Council on the __ day of __________, 2022, entitled "AUTHORIZING THE ISSUANCE OF THE CITY OF BLOOMINGTON, INDIANA, GENERAL OBLIGATION BONDS, SERIES 2022, TO PROVIDE FUNDS TO FINANCE THE COSTS OF CERTAIN CAPITAL IMPROVEMENTS, INCLUDING COSTS INCURRED IN CONNECTION WITH AND ON ACCOUNT OF THE ISSUANCE OF THE BONDS, AND APPROPRIATING THE PROCEEDS DERIVED FROM THE SALE OF SUCH BONDS, ALL FOR THE PURPOSE OF PROMOTING CLIMATE CHANGE PREPAREDNESS AND IMPLEMENTING EQUITY AND QUALITY OF LIFE IMPROVEMENTS FOR ALL CITY RESIDENTS" (the "Ordinance"), and in accordance with Indiana Code § 36-4-6-19 and other applicable provisions of the Indiana Code, as amended (collectively, the "Act"). The owner of this bond, by the acceptance hereof, agrees to all the terms and provisions contained in the Ordinance and the Act.

PURSUANT TO THE PROVISIONS OF THE ACT AND THE ORDINANCE, THE PRINCIPAL OF THIS BOND AND ALL OTHER 2022 BONDS OF SAID ISSUE AND THE INTEREST DUE THEREON ARE PAYABLE AS A GENERAL OBLIGATION OF THE CITY, FROM AN *AD VALOREM* PROPERTY TAX TO BE LEVIED ON ALL TAXABLE PROPERTY WITHIN THE CITY.

[INSERT REDEMPTION TERMS, if any]

[Notice of such redemption shall be mailed by first-class mail or by registered or certified mail not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption to the address of the registered owner of each bond to be redeemed as shown on the registration record of the City except to the extent such redemption notice is waived by owners of the 2022 Bond or 2022 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any bond shall not affect the validity of any proceedings for the redemption of any other 2022 Bonds. Any notice of redemption required under this section shall identify the 2022 Bonds to be redeemed including the complete name of the 2022 Bonds, the interest rate, the issue date, the maturity date, the respective CUSIP numbers (if any) and certificate numbers (and, in the case of a partial redemption, the respective principal amounts to be called) and shall state (i) the date fixed for redemption, (ii) the Redemption Price, (iii) that the 2022 Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address of the principal corporate trust office of the registrar and paying agent at which the 2022 Bonds must be surrendered together with the name and telephone number of a person to contact from the office of the registrar and paying agent, (v) any condition precedent to such redemption, (vi) that on the date fixed for redemption, and upon the satisfaction of any condition precedent described in the notice, the Redemption Price will be due and payable upon each such 2022 Bond or portion thereof and that interest on the 2022 Bonds called for redemption ceases to accrue on the date fixed for redemption, and (vii) that if such condition precedent is not satisfied, such notice of redemption is rescinded and of no force and effect, and the principal and premium, if any, shall continue to bear interest on and after the date fixed for redemption at the interest rate borne by the 2022 Bond. The place of redemption may be determined by the City. Interest on the 2022 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 2022 Bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder.]

This bond is subject to defeasance prior to payment as provided in the Ordinance.

If this bond shall not be presented for payment on the date fixed therefor, the City may deposit in trust with the Paying Agent or another paying agent, an amount sufficient to pay such bond, and thereafter the Registered Owner shall look only to the funds so deposited in trust for payment and the City shall have no further obligation or liability in respect thereto.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the office of the Registrar by the Registered Owner in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new fully registered 2022 Bond or 2022 Bonds in the same aggregate principal amount, and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the Registered Owner, as the case may be, in exchange therefor. The City, any registrar and any paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon.

The 2022 Bonds maturing in any one year are issuable only in fully registered form in the denomination of [$5,000 or any integral multiple thereof][$100,000 plus any integral multiple of $1,000 in excess thereof].

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Bloomington, Monroe County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signatures of its duly elected, qualified and acting Mayor, its corporate seal, if any, to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by the Controller of the City.

CITY OF BLOOMINGTON, INDIANA

By: ______________________________
Mayor

(SEAL)

ATTEST:

_____________________________________
Controller

CERTIFICATE OF AUTHENTICATION

It is hereby certified that this bond is one of the 2022 Bonds described in the within-mentioned Ordinance duly authenticated by the Registrar.

______________________________, as Registrar

By: ____________________________________________
Authorized Representative

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

| | |
|---|---|
| TEN. COM. | as tenants in common |
| TEN. ENT. | as tenants by the entireties |
| JT. TEN. | as joint tenants with right of survivorship and not as tenants in common |
| UNIF. TRANS. MIN. ACT | _______________ Custodian _____________________<br>(Cust.) (Minor)<br>under Uniform Transfers to Minors Act of<br>_____________________<br>(State) |

Additional abbreviations may also be used, although not contained in the above list.

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto ________________________________________ (Please Print or Typewrite Name and Address) $__________________principal amount (must be a multiple of [$5,000][$100,000]) of the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints ________________________, attorney to transfer the within bond on the books kept for the registration thereof with full power of substitution in the premises.

_______________________________________________

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

________________________

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

(End of Form of Bonds)

(b) The 2022 Bonds may, in compliance with all applicable laws, initially be issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of 2022 Bonds to the purchasers. The following provisions of this section apply in such event.

One definitive Bond of each maturity shall be delivered to the Clearing Agency (or its agent) and held in its custody. The City and the Registrar and Paying Agent may, in connection therewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 2022 Bonds as are necessary or appropriate to accomplish or recognize such book-entry form 2022 Bonds.

During any time that the 2022 Bonds remain and are held in book-entry form on the books of a Clearing Agency, (1) any such Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including Cede & Co., as nominee of The Depository Trust Company; (2) the Clearing Agency in whose name such Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such Bond for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of and interest on such Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal of or interest or premium, if any, on any Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any Bond called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption.

If either the City receives notice from the Clearing Agency which is currently the registered owner of the 2022 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 2022 Bonds, or the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 2022 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 2022 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 2022 Bonds and to transfer the ownership of each of the 2022 Bonds to such person or persons, including any other Clearing Agency, as the holders of the 2022 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 2022 Bonds, shall be paid by the City.

During any time that the 2022 Bonds are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owner of 2022 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of a Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 2022 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

During any time that the 2022 Bonds are held in book-entry form on the books of a Clearing Agency, the Mayor, the Controller and/or the Registrar are authorized to execute and deliver a Letter of Representations agreement with the Clearing Agency, or a Blanket Issuer Letter of Representations, and the provisions of any such Letter of Representations or any successor agreement shall control on the matters set forth therein. The Registrar, by accepting the duties of Registrar under this Ordinance, agrees that it will (i) undertake the duties of agent required thereby and that those duties to be undertaken by either the agent or the issuer shall be the responsibility of the Registrar, and (ii) comply with all requirements of the Clearing Agency, including without limitation same day funds settlement payment procedures. Further, during any time that the 2022 Bonds are held in book-entry form, the provisions of Section 5 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

SECTION 6. Sale of Bonds.

(a) The Bonds shall be sold through either a public sale in accordance with Ind. Code 5-1-11, or a negotiated sale in accordance with Ind. Code 5-1-11-1(a)(2), as determined by the Controller based on the recommendation of the City's financial advisor.

(b) If the Controller determines to sell the Bonds at a public sale in accordance with Ind. Code 5-1-11, the Controller shall cause to be published a notice of sale once each week for two consecutive weeks per Indiana Code § 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 2022 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, that specifications and information concerning the 2022 Bonds are on file in the office of the Controller and are available on request, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary, including any terms and conditions of sale which provide an exclusion or exemption from the applicability of all or a portion of the provisions of Rule 15c2-12 of the U.S. Securities and Exchange Commission as amended (the "SEC Rule"), in which case the Controller may set the minimum authorized denomination of the 2022 Bonds at One Hundred Thousand Dollars ($100,000) as contemplated by the SEC Rule. As an alternative to the publication of a notice of sale, the Controller may sell the 2022 Bonds through the publication of a notice of intent to sell the 2022 Bonds and compliance with related procedures pursuant to Indiana Code § 5-1-11-2(b).

All bids for the 2022 Bonds shall be sealed and shall be presented to the Controller in accordance with the terms set forth in the bond sale notice. Bidders for the 2022 Bonds shall be required to name the rate or rates of interest which the 2022 Bonds are to bear, which shall be the same for all 2022 Bonds maturing on the same date and the interest rate bid on any maturity of 2022 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding six percent (6.0%) per annum, and such interest rate or rates shall be in multiples of one-eighth or one-hundredth of one per cent. The Controller shall award the 2022 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 2022 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than ninety-nine percent (99.0%) of the par value of the 2022 Bonds (or such higher percentage as the Controller shall determine, with the advice of the City's financial advisor, prior to the sale of the 2022 Bonds) and accrued interest, if any, shall be considered. The Controller may require that all bids shall be accompanied by certified or cashier's checks or wire transfers payable to the order of the City of Bloomington, Indiana, or a surety bond, in an amount not to exceed one percent of the aggregate principal amount of the 2022 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without re-advertisement; provided, however, that if said sale be continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed for sale in the bond sale notice. The Controller shall have full right to reject any and all bids.

(b) Alternatively, if the Controller determines to sell the Bonds through a negotiated sale, the Controller may negotiate the sale of said Bonds at an interest rate or rates not exceeding five percent (5.00%) per annum. The Mayor and the Controller are hereby authorized to (i) execute a purchase agreement with the purchaser selected by the Mayor and the Controller based upon the recommendation of the City's financial advisor, and (ii) sell such Bonds upon such terms as are acceptable to the Mayor and the Controller consistent with the terms of this Ordinance. The final form of the purchase agreement shall be approved by the Mayor and the Controller, upon the advice of the City's bond counsel and financial advisor, and the Mayor and the Controller are hereby authorized and directed to complete, execute and attest the same on behalf of the City so long as its provisions are consistent with the terms of this Ordinance.

(c) After the 2022 Bonds have been properly sold and executed, the Controller shall receive payment for the 2022 Bonds from the purchasers and shall provide for delivery of the 2022 Bonds to the purchasers.

(d) The Controller is hereby authorized and directed to obtain legal opinion as to the validity of the 2022 Bonds from Barnes & Thornburg LLP, and to furnish such opinion to the purchasers of the 2022 Bonds or to cause a copy of said legal opinion to be printed on each Bond. The cost of such opinion shall be paid out of the proceeds of the 2022 Bonds.

SECTION 7. Use of Bond Proceeds. The proceeds received from the sale of the 2022 Bonds shall be deposited in a construction fund designated as the City of Bloomington, Indiana, 2022 Projects Fund (the "2022 Projects Fund"). The proceeds deposited in the 2022 Projects Fund shall be expended only for the purpose of paying expenses incurred in connection with the 2022 Projects together with the expenses incidental thereto and on account of the issuance of the 2022 Bonds. The Controller is authorized to pay costs of issuance from the proceeds of the 2022 Bonds. Any balance remaining in the 2022 Projects Fund after the completion of the 2022 Projects which is not required to meet unpaid obligations incurred in connection therewith and on account of the issuance of the 2022 Bonds may be used to pay debt service on the 2022 Bonds or otherwise used as permitted by law.

SECTION 8. Defeasance. If, when the 2022 Bonds or any portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 2022 Bonds or any portion thereof for redemption have been given, and the whole amount of the principal and the interest so due and payable upon such 2022 Bonds or any portion thereof then outstanding shall be paid, or (i) cash, or (ii) direct non-callable obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, the principal of and the interest on which when due without reinvestment will provide sufficient money, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the payment, then and in that case the 2022 Bonds or such designated portion thereof shall no longer be deemed outstanding or secured by this Ordinance.

SECTION 9. Tax Covenants. In order to preserve the exclusion of interest from gross income for federal income tax purposes on the 2022 Bonds, and as an inducement to purchasers of the 2022 Bonds, the City represents, covenants and agrees that:

(a) The City will not take any action or fail to take any action with respect to the 2022 Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the 2022 Bonds pursuant to Section 103 of the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2022 Bonds (the "Code"), including, without limitation, the taking of such action as is necessary to rebate or cause to be rebated arbitrage profits on 2022 Bond proceeds or other monies treated as 2022 Bond proceeds to the federal government as provided in Section 148 of the Code, and will set aside such monies, which may be paid from investment income on funds and accounts notwithstanding anything else to the contrary herein, in trust for such purposes.

(b) The City will file an information report Form 8038-G with the Internal Revenue Service as required by Section 149 of the Code.

(c) The City will not make any investment or do any other act or thing during the period that any 2022 Bond is outstanding hereunder which would cause any 2022 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code and the regulations applicable thereto as in effect on the date of delivery of the 2022 Bonds.

Notwithstanding any other provisions of this Ordinance, the foregoing covenants and authorizations (the "Tax Sections") which are designed to preserve the exclusion of interest on the 2022 Bonds from gross income under federal income tax law (the "Tax Exemption") need not be complied with to the extent the City receives an opinion of nationally recognized bond counsel that compliance with such Tax Section is unnecessary to preserve the Tax Exemption.

SECTION 10. Amendments.

Subject to the terms and provisions contained in this section, and not otherwise, the owners of not less than sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the 2022 Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the City of such ordinance or ordinances supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this Ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond, without the consent of the holder of each Bond so affected; or

(b) A reduction in the principal amount of any Bond or the rate of interest thereon, or a change in the monetary medium in which such amounts are payable, without the consent of the holder of each Bond so affected; or

(c) A preference or priority of any Bond over any other Bond, without the consent of the holders of all 2022 Bonds then outstanding; or

(d) A reduction in the aggregate principal amount of the 2022 Bonds required for consent to such supplemental ordinance, without the consent of the holders of all 2022 Bonds then outstanding.

If the City shall desire to obtain any such consent, it shall cause the Registrar to mail a notice, postage prepaid, to the addresses appearing on the registration books held by the Registrar. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Registrar for inspection by all owners of the 2022 Bonds. The Registrar shall not, however, be subject to any liability to any owners of the 2022 Bonds by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental ordinance when consented to and approved as herein provided.

Whenever at any time within one year after the date of the mailing of such notice, the City shall receive any instrument or instruments purporting to be executed by the owners of the 2022 Bonds of not less than sixty-six and two-thirds per cent (66-2/3%) in aggregate principal amount of the 2022 Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental ordinance described in such notice, and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice as on file with the Registrar, thereupon, but not otherwise, the City may adopt such supplemental ordinance in substantially such form, without liability or responsibility to any owners of the 2022 Bonds, whether or not such owners shall have consented thereto.

No owner of any Bond shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or its officers from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this Ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all owners of 2022

Bonds then outstanding, shall thereafter be determined exercised and enforced in accordance with this Ordinance, subject in all respects to such modifications and amendments.

Notwithstanding anything contained in the foregoing provisions of this Ordinance, the rights and obligations of the City and of the owners of the 2022 Bonds, and the terms and provisions of the 2022 Bonds and this Ordinance, or any supplemental ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 2022 Bonds then outstanding.

Without notice to or consent of the owners of the 2022 Bonds, the City may, from time to time and at any time, adopt such ordinances supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental ordinances shall thereafter form a part hereof),

(a) To cure any ambiguity or formal defect or omission in this Ordinance or in any supplemental ordinance; or

(b) To grant to or confer upon the owners of the 2022 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 2022 Bonds; or

(c) To procure a rating on the 2022 Bonds from a nationally recognized securities rating agency designated in such supplemental ordinance, if such supplemental ordinance will not adversely affect the owners of the 2022 Bonds; or

(d) To obtain or maintain bond insurance with respect to the 2022 Bonds; or

(e) To provide for the refunding or advance refunding of the 2022 Bonds; or

(f) To make any other change which, in the determination of the Council in its sole discretion, is not to the prejudice of the owners of the 2022 Bonds.

SECTION 11. Approval of Official Statement. If the Controller of the City, with the advice of the City's financial advisor, determines that the preparation of an official statement is necessary or is in the best interest of the City, then the Controller is hereby authorized to deem final an official statement with respect to the 2022 Bonds, as of its date, subject to completion thereof, and the Council further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended with the approval of the Controller in the form of a final official statement.

SECTION 12. Additional Appropriation. There is hereby appropriated the sum of Five Million Eight Hundred Thousand Dollars ($5,800,000), out of the proceeds of the 2022 Bonds, together with all investment earnings thereon, for the purpose of providing funds to pay the costs of the 2022 Projects, including related costs and the costs of issuing the 2022 Bonds, as provided in this Ordinance. Such appropriation shall be in addition to all appropriations provided for in the existing budget and shall continue in effect until the completion of the described purposes.

SECTION 13. Other Action. The appropriate officers are hereby authorized to take all such actions and execute all such instruments as are necessary or desirable to effectuate this ordinance. These actions include obtaining a rating, bond insurance or any other form of credit enhancement for the 2022 Bonds if economically feasible and desirable and with the favorable recommendation of the financial advisors to the City, and filing a report of an additional appropriation with the Indiana Department of Local Government Finance. In addition, the appropriate officers of the City are hereby authorized and directed to take any other action deemed necessary or advisable in order to effectuate the acquisition, construction and equipping of the 2022 Projects, the issuance of the 2022 Bonds, or any other purposes of this Ordinance.

SECTION 14. No Conflict. All ordinances, resolutions, and orders or parts thereof in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed. After the issuance of the 2022 Bonds and so long as any of the 2022 Bonds or interest thereon remains unpaid, except as expressly provided herein, this Ordinance shall not be repealed or amended in any respect which will materially adversely affect the rights of the holders of the 2022 Bonds, nor shall the City adopt any law, ordinance or resolution which in any way materially adversely affects the rights of such holders.

SECTION 15. Severability; Interpretation. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance. Unless the context or laws clearly require otherwise, references herein to statutes or other laws include the same as modified, supplemented or superseded from time to time.

SECTION 16. Holidays, Etc. If the date of making any payment or the last date for performance of any act or the exercising of any right, as provided in this Ordinance, shall be a legal holiday or a day on which banking institutions in the City or the city in which the Registrar or Paying Agent is located are typically closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are typically closed, with the same force and effect as if done on the nominal date provided in this Ordinance, and no interest shall accrue for the period after such nominal date.

SECTION 17. Effectiveness. This Ordinance shall be in full force and effect from and after its adoption and the procedures required by law. Upon payment in full of the principal and interest respecting the 2022 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with the defeasance provisions herein, all pledges, covenants and other rights granted by this ordinance shall cease.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana upon this ____ day of ________________, 2022.

______________________________________
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

____________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington upon this ____ day of ______________, 2022.

______________________________________
NICOLE BOLDEN, Clerk

SIGNED and APPROVED by me upon this ____ day of _______________, 2022.

______________________________________
JOHN HAMILTON, Mayor
City of Bloomington

# SYNOPSIS

This Ordinance approves the issuance of general obligation bonds of the City of Bloomington, Indiana, under Indiana Code § 36-4-6-19, in an aggregate principal amount not to exceed $5,800,000, for the purpose of financing longer-term capital projects and investments throughout the City in order to promote climate change preparedness and implement equity and quality of life for all City residents.

*Note: Exhibit A to* <u>*Ordinance 22-13*</u> *was revised after distribution in the Legislative Packet but before introduction at the Regular Session on April 6, 2022. The revision moved the High Street multiuse path and intersection modernization project to the top of the list contained in the exhibit to reflect the order of the administration's project priorities.*

## EXHIBIT A

## DESCRIPTION OF THE 2022 PROJECTS

The proceeds of the 2022 Bonds will be used to fund longer-term capital projects and investments throughout the City of Bloomington, Indiana, in order to promote climate change preparedness and implement equity and quality of life for all, which, upon completion, are expected to generate revenue savings that will help offset debt service on the Bonds. Such potential projects and improvements include one or more of the following:

| Item | Min. Cost Estimate | Max. Cost Estimate |
|---|---|---|
| Construction of High Street Multiuse Path and Intersection Modernization (from Arden Dr to 3rd St) | $2,500,000 | $5,000,000 |
| Conversion of Citywide street lights to LED technology | $1,500,000 | $2,000,000 |
| Construction of downtown ADA-compliant curb ramps (from W. Kirkwood and Indiana Ave) | $500,000 | $1,000,000 |
| Construction of various sidewalk projects throughout the City | $300,000 | $1,000,000 |
| Energy efficiency retrofits for all City buildings | $1,000,000 | $3,000,000 |
| Upgrade of City vehicle fleet to hybrid/electric vehicles | $1,200,000 | $2,200,000 |
| Purchase and installation of GPS equipment for City vehicle fleet | $250,000 | $250,000 |
| Construction of a green waste yard at Lower Cascades Park | $400,000 | $500,000 |
| Citywide traffic signal retiming | $42,500 | $425,000 |

The total cost to the City of any single Project, including an allocable portion of the costs of issuing the 2022 Bonds, whether financed with proceeds of the 2022 Bonds or other legally available revenues of the City, shall in no event exceed Five Million Eight Hundred Thousand Dollars ($5,800,000).

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**MEMO FROM COUNCIL OFFICE ON:**

**Ordinance 22-14 – Approving the Issuance of the City of Bloomington, Indiana Park District Bonds, Series 2022, to Provide Funds to Finance the Costs of Certain Capital Improvements for Park Purposes, Including Costs Incurred in Connection With and On Account of the Issuance of the Bonds, All for the Purpose of Promoting Climate Change Preparedness and Implementing Equity and Quality Of Life Improvements for all City Residents**

---

## Synopsis

This Ordinance approves the issuance of special taxing district bonds by the City of Bloomington Park District under Indiana Code § 36-10-4-35, in an aggregate principal amount not to exceed $5,800,000, for the purpose of financing longer-term capital projects and investments for park purposes throughout the City of Bloomington, Indiana Park District, in order to promote climate change preparedness and implement equity and quality of life for all.

## Relevant Materials

- New Revenue Package Memo and supporting materials
- Memo re: Ordinance 22-13 and 22-14 from Mayor Hamilton, Corporation Counsel Beth Cate, and Controller Jeff Underwood
- Ordinance 22-14
    - Exhibit A – Description of Projects

## Summary

The Mayor and administration previously announced and discussed a new revenue package proposal in order to fund investments in public safety, climate change preparedness and mitigation, equity and quality of life improvements, and essential city services. The administration has created a webpage discussing this proposal in more detail here - https://bloomington.in.gov/newrevenue. This webpage also solicits public feedback on the proposal near the bottom of the page.

As one part of this new revenue package proposal, Ordinance 22-14 would approve the issuance of Park District Bonds in an amount not to exceed $5.8 million to fund projects meant to address climate change preparedness and mitigation and to make equity/quality of life improvements. Another bond ordinance (Ordinance 22-13) addressing general obligation bonds is scheduled to be introduced and considered alongside Ordinance 22-14. A related resolution proposing an increase to the local income tax (LIT) will be published on April 8, 2022 in the legislative packet issued for the April 13, 2022 Council committee meeting, where the resolution will be considered alongside the two bond ordinances.

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Overview of Proposed Capital Improvements

Ordinance 21-14 approves a series of Park District Bonds. The purpose of these bonds is to fund longer-term capital projects and investments for park purposes. Multiple capital improvement projects (the "2022 Projects") are proposed to be funded by the issuance of the Park District Bonds. The 2022 Projects are listed in order of the administration's priorities and briefly described in Exhibit A to Ordinance 22-14. Additional information about the projects and estimated costs can be found in Appendix C to the New Revenue Package Memo provided by Mayor Hamilton and included in this packet.

General Overview of Park District Bonds

Under statute, the Board of Park Commissioners is charged with authorizing the issuance of Park District Bonds and appropriating the proceeds, a process that includes public notice and a public hearing. Please note that, unlike general obligation bonds, Park Special Taxing District bonds are issued by the Parks District and are merely approved by the Common Council (I.C. § 36-10-4-35(g)). For that reason, this ordinance is much shorter than other bond ordinances. Also, please note that the debt on these bonds are not included in the maximum debt the City may hold under Indiana law. The Board of Park Commissioners considered a declaratory resolution approving of these bonds at a meeting on March 30, 2022 and is scheduled to conduct a public hearing and to vote on the issuance of these bonds on April 26, 2022 (pending Council action).

In brief, the ordinance:

- Approves of the sale and issuance of $5.8 million in Park District Bonds in order to fund all or a portion of the costs of the 2022 Projects, as well as to fund the costs of issuing the bonds;
- Attaches Exhibit A, which provides a brief description of the 2022 Projects to be funded through the issuance of the bonds; and
- Authorizes bonds with a maximum interest rate of 5% per year and maximum maturity period of no more than 6 years.

**Contact**

Office of the Mayor, mayor@bloomington.in.gov, 812-349-3406
Beth Cate, Corporation Counsel, beth.cate@bloomington.in.gov, 812-349-3426
Jeff Underwood, Controller, underwoj@bloomington.in.gov, 812-349-3412
Paula McDevitt, Director, Parks and Recreation, mcdevitp@bloomington.in.gov, 812-349-3711

**ORDINANCE 22-14**

**APPROVING THE ISSUANCE OF THE CITY OF BLOOMINGTON, INDIANA PARK DISTRICT BONDS, SERIES 2022, TO PROVIDE FUNDS TO FINANCE THE COSTS OF CERTAIN CAPITAL IMPROVEMENTS FOR PARK PURPOSES, INCLUDING COSTS INCURRED IN CONNECTION WITH AND ON ACCOUNT OF THE ISSUANCE OF THE BONDS, ALL FOR THE PURPOSE OF PROMOTING CLIMATE CHANGE PREPAREDNESS AND IMPLEMENTING EQUITY AND QUALITY OF LIFE IMPROVEMENTS FOR ALL CITY RESIDENTS**

WHEREAS, the Board of Park Commissioners (the "Board") of the City of Bloomington, Indiana (the "City") has determined to issue special taxing district bonds of the Park District (the "District") of the City of Bloomington, Indiana (the "City"), designated as "City of Bloomington, Indiana Park District Bonds, Series 2022," together with such further or different series designation determined to be necessary or appropriate, in an aggregate principal amount not to exceed Five Million Eight Hundred Thousand Dollars ($5,800,000) (the "2022 Bonds"), to finance the costs of the projects described in Exhibit A hereto (collectively, the "Projects"), together with the expenses incurred in connection with or on account of the issuance of the Bonds to finance the Projects, all of which shall be included in and considered as part of the costs of the Projects; and

WHEREAS, Ind. Code § 36-10-4-35(g) and Ind. Code § 6-1.1-17-20.5 require the approval of the issuance of the 2022 Bonds of the District by the legislative and fiscal body of the City; and

WHEREAS, prior to the issuance of the 2022 Bonds, following a public hearing to be conducted upon notice duly given, the Board is expected to adopt a resolution making an additional appropriation of a sum not to exceed $5,800,000, together with all investment earnings thereon (the "Additional Appropriation"), which is to be provided for out of the proceeds of the 2022 Bonds, together with all investment earnings thereon, for the purpose of paying the costs of the Projects; and

WHEREAS, the Common Council of the City (the "Council"), as the legislative and fiscal body of the City, now desires to approve the issuance of the 2022 Bonds and the Additional Appropriation upon the terms and conditions set forth herein.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA, AS FOLLOWS:

SECTION 1. The Council hereby approves the sale and issuance of the 2022 Bonds, in one or more series, in order to provide funds to finance the costs of the Projects, subject to the following conditions: (a) the maximum aggregate original principal amount of the 2022 Bonds shall not exceed Five Million Eight Hundred Thousand Dollars ($5,800,000); (b) the 2022 Bonds shall have a term not longer than six (6) years, commencing on the date of issuance of first series of the 2022 Bonds; and (c) the maximum interest rate on the 2022 Bonds shall not exceed five percent (5.0%) per annum. The proceeds of the 2022 Bonds shall be applied solely for the purpose of the Projects, including paying costs of issuance incurred on account of the issuance and sale of the 2022 Bonds. Subject to completion of all procedures required by law, the Council does hereby approve the Additional Appropriation in order to pay costs of the Projects, which includes costs of issuance incurred on account of the issuance and sale of the 2022 Bonds. The Additional Appropriation shall be in addition to all appropriations provided for in the existing budget and levy of the District, and shall continue in effect until the completion of the Projects. Any surplus of such proceeds shall be credited to the proper fund as required by law.

SECTION 2. The Council hereby determines that each of the Projects is reasonably considered to be an independently desirable end in itself without reference to another capital project.

SECTION 3. The Mayor of the City and the Controller of the City, any member of the Council, and any other officer, employee or agent of the City is hereby authorized and directed, for and on behalf of the City or the District, to execute and deliver any contract, agreement, certificate, instrument or other document and to take any action as such person determines to be necessary or appropriate to accomplish the purposes of this Ordinance, such determination to be conclusively evidenced by such person's execution of such contract, agreement, certificate, instrument or other document or such person's taking of such action.

SECTION 4. This Ordinance shall be in full force and effect from and after its passage by the Council and its approval by the Mayor of the City. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

[Signature Page Follows]

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Indiana, this ____ day of ________________, 2022.

______________________________________
SUSAN SANDBERG, President
Bloomington Common Council

ATTEST:

____________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Indiana, this ____ day of ______________, 2022.

______________________________________
NICOLE BOLDEN, Clerk

SIGNED and APPROVED by me this ____ day of _______________, 2022.

______________________________________
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

This Ordinance approves the issuance of special taxing district bonds by the City of Bloomington Park District under Indiana Code § 36-10-4-35, in an aggregate principal amount not to exceed $5,800,000, for the purpose of financing longer-term capital projects and investments for park purposes throughout the City of Bloomington, Indiana Park District, in order to promote climate change preparedness and implement equity and quality of life for all.

## EXHIBIT A

The proceeds of the 2022 Bonds will be used to fund longer-term capital projects and investments for park purposes throughout the City of Bloomington, Indiana Park District (the "Park District"), in order to promote climate change preparedness and implement equity and quality of life for all. General descriptions of the projects to be financed with the proceeds of the 2022 Bonds (collectively, the "Projects"), include the following:

| Item | Min. Cost Estimate | Max. Cost Estimate |
|---|---|---|
| Replace various gas-powered equipment with electrically-powered equipment | $25,000 | $25,000 |
| Replace missing sidewalk on Rogers St. by Switchyard Park | $200,000 | $200,000 |
| Addition of protected bicycle lanes along Covenanter Drive (from College Mall to Clarizz Blvd) | $2,400,000 | $2,880,000 |
| Design and right-of-way for North Dunn Street multiuse path (from the SR 45/46 Bypass to Old SR 37) | $800,000 | $960,000 |
| Griffy Loop Trail dam crossing and community access improvements | $375,000 | $375,000 |
| Implementation of West 2nd Street modernization, including new signalization and protected bicycle lanes (from Walker Street to B-Line trail) | $1,500,000 | $1,500,000 |
| Construction of a pathway to connect Lower Cascades to Miller Showers Park (Phase 6) | $3,200,000 | $3,200,000 |

The total cost to the Park District of any single Project, including an allocable portion of the costs of issuing the 2022 Bonds, whether financed with proceeds of the 2022 Bonds or other legally available revenues of the Park District, shall in no event exceed Five Million Eight Hundred Thousand Dollars ($5,800,000).

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**MEMO FROM COUNCIL OFFICE ON:**

# Resolution 22-09 – Resolution Proposing an Ordinance to Modify the Monroe County Local Income Tax Rate, Allocate the Additional Revenues to Economic Development and Cast Votes in Favor of the Ordinance

## Synopsis

Resolution 22-09 proposes an ordinance to the Monroe County Local Income Tax Council that would impose an economic development tax rate ("EDIT"). The Monroe County Local Income Tax Council is the body that must approve modifications to the Local Income Tax, and it consists of four member-fiscal bodies: (1) the City of Bloomington Common Council; (2) the Monroe County Council; (3) the Town of Ellettsville Town Council; and (4) the Town of Stinesville Town Council. This Resolution would cast some percentage of the City of Bloomington's votes on the Monroe County Local Income Tax Council in favor of the Ordinance modifying the Local Income Tax to impose an EDIT, depending on the votes of the individual members of the City of Bloomington Common Council.

## Relevant Materials

- New Revenue Package Memo and supporting materials
- Resolution 22-09
- Memo from Mayor Hamilton
- Monroe County Income Tax Council Vote Allocation Notice from Auditor

## Summary

Monroe County Local Income Tax Council Membership

Resolution 22-09 proposes an ordinance to the Monroe County Local Income Tax Council ("Tax Council") that would increase the local income tax rate and allocate the additional revenues for economic development purposes. The Bloomington Common Council is one member of the Tax Council, which also includes the Monroe County Council, the Ellettsville Town Council, and the Stinesville Town Council.

Local Income Tax Rates

Indiana Code § 6-3-6-1 and the provisions that follow it govern the procedures that the Tax Council and its members must follow to adopt, increase, decrease, or rescind a tax or tax rate. As detailed in the resolution, the local income tax currently includes the following components, for a total local income tax rate of 1.345%:

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<table>
<tr><td colspan="2">Local Income Tax Type</td><td colspan="2">Existing Rate</td></tr>
<tr><td colspan="2">Property Tax Relief Rate (Indiana Code 6-3.6-5)</td><td colspan="2">0.0518%</td></tr>
<tr><td colspan="2">Total Expenditure Rate (Indiana Code 6-3.6-6)</td><td colspan="2">1.1982%</td></tr>
<tr><td rowspan="4">Components of Total Expenditure Rate</td><td>Public Safety</td><td></td><td>0.1693%</td></tr>
<tr><td>Public Safety Answering Point</td><td></td><td>0.0807%</td></tr>
<tr><td>Economic Development</td><td></td><td>0.0000%</td></tr>
<tr><td>Certified Shares</td><td></td><td>0.9482%</td></tr>
<tr><td colspan="2">Special Purpose Rate (Juvenile Local Income Tax) (Indiana Code § 6-3.6-7-16)</td><td colspan="2">0.095%</td></tr>
<tr><td colspan="2">Total:</td><td colspan="2">1.345%</td></tr>
</table>

Resolution 22-09 proposes an increase of .855% to the total expenditure rate, with the additional revenues to be allocated for economic development purposes.

Procedure for Proposing Ordinance Adjusting Local Income Tax Rates

For such a change to the local income tax rate to occur, a majority of the Tax Council (which is the adopting body for local income taxes in Monroe County under IC § 6-3.6-3-1) must vote in favor of an ordinance increasing the local income tax. Any member of the Tax Council may present an ordinance for passage by the Tax Council. To do so, the member must adopt a resolution to propose the ordinance to the Tax Council (see IC § 6-3.6-3-8). Resolution 22-09 is therefore a resolution of the Bloomington Common Council that contains within it a proposed Ordinance Modifying Local Income Tax Rates, which would be an ordinance of the Monroe County Tax Council.

Under IC § 6-3.6-3-6, the Monroe County Tax Council has 100 total votes divided among its 4 members. Each member is allocated a percentage of the total 100 votes that may be cast, based on population. Each year, the Auditor certifies to each member of the Tax Council the number of votes, rounded to the nearest one hundredth (0.01), each member has for that year. Per the Auditor, the votes on the Monroe County Tax Council are as follows:

| **Unit of Government** | **2010 Census Pop.** | **% of Total County Pop.** | **# of Local Income Tax Council Votes/Member** |
|---|---|---|---|
| City of Bloomington (9 Common Council Members) | 79,168 | 56.66% | 6.30/Council Member |
| Town of Ellettsville (5 Town Council Members) | 6,655 | 4.76% | .95/Council Member |
| Town of Stinesville (3 Town Council Members) | 220 | 0.16% | .05/Council Member |
| Unincorporated County area (voted on by 7 members of Monroe County Council) | 53,675 | 38.43% | 5.49/Council member |
| **Total Monroe County** | **139,718** | **100%** | **100.03** |

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Due to a 2020 change in state law, the members of the Tax Council no longer cast their votes as a block on a proposal to increase a tax rate in the county. Instead, each individual who sits on the fiscal body of a county, city, or town that is a member of the Tax Council is allocated a certain number of votes, which is detailed in the far right column of the table above. Each of the nine members of the Bloomington Common Council has 6.3 votes of the Tax Council that can be cast individually.

Before a member of the Tax Council may vote to propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held. This notice must be published at least 10 days in advance of the hearing and must include the proposed ordinance. The public hearing on Resolution 22-09 will be held April 20, 2022. Therefore, while the Council may consider and deliberate on the resolution at the April 13th meeting, a vote on the resolution could occur no earlier than April 20th.

After a member of the Tax Council adopts a resolution proposing an ordinance, that member must distribute a copy of the proposed ordinance to the County Auditor. The Auditor shall then deliver copies of the proposed ordinance to all other members of the Tax Council within ten (10) days of receipt. Once a member of the Tax Council receives a proposed ordinance from the Auditor, the member shall vote on it within thirty (30) days after receipt.

Effective Date of Ordinance

Under state law, an ordinance that increases a local tax or a tax rate takes effect as follows:

> (1) An ordinance adopted after December 31 of the immediately preceding year and before September 1 of the current year takes effect on October 1 of the current year.
>
> (2) An ordinance adopted after August 31 and before November 1 of the current year takes effect on January 1 of the following year.
>
> (3) An ordinance adopted after October 31 of the current year and before January 1 of the following year takes effect on October 1 of the following year.

Therefore, for the proposed rate increase to take effect on October 1, 2022, the Tax Council would need to adopt an ordinance no later than August 31, 2022.

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Permissible Uses of Revenue

IC § 6-3.6-10-2 details how the city may use revenues allocated for economic development, which includes the following purposes:

(1) To pay all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project.

(2) For the retirement of bonds for economic development projects.

(3) For leases or for leases or bonds entered into or issued before the date the county economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this article at the time the lease was entered into or the bonds were issued.

(4) The construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8.

(5) The retirement of bonds issued under any provision of Indiana law for a capital project.

(6) The payment of lease rentals under any statute for a capital project.

(7) Contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects.

(8) Operating expenses of a governmental entity that plans or implements economic development projects.

(9) Funding of a revolving fund established under IC 5-1-14-14.

(10) For a regional venture capital fund or a local venture capital fund.

*(11) For any lawful purpose for which money in any of its other funds may be used.*

Notably, purpose (11) listed above provides for a broad range of uses for revenues allocated for economic development purposes.

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<u>Allocation of Revenue</u>

IC § 6-3.6-6-9 provides two methods (copied from statute below) of allocating money designated for economic development purposes to the county, cities, and towns that receive a distribution from the local income tax - either based on property taxes imposed during the preceding calendar year (IC § 6-3.6-6-9(b)) or based on population (IC § 6-3.6-6-9(c)). The Tax Council may adopt an ordinance before August 2 of a year to provide for a distribution under the population-based method, which takes effect January 1 of the following year. The ordinance proposed by <u>Resolution 22-09</u> would provide for a distribution under the population-based method, beginning on January 1, 2023 and continuing from that date forward.

Method 1 - Property Taxes (per IC § 6-3.6-6-9(b)):

> Except as provided in subsections (c) and (d) and IC 6-3.6-11, and subject to adjustment as provided in IC 36-8-19-7.5, the amount of the certified distribution allocated to economic development purposes that the county and each city or town in a county is entitled to receive each month of each year equals the amount determined using the following formula:
>
> STEP ONE: Determine the sum of:
> (A) the total property taxes being imposed by the county, city, or town during the calendar year preceding the distribution year; plus
> (B) for a county, the welfare allocation amount.
> STEP TWO: Determine the quotient of:
> (A) The STEP ONE amount; divided by
> (B) the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year preceding the distribution year plus the welfare allocation amount.
> STEP THREE: Determine the product of:
> (A) the amount of the certified distribution allocated to economic development purposes for that month; multiplied by
> (B) the STEP TWO amount.

Method 2 - Population (per IC § 6-3.6-6-9(c)(2)):

> (2) The amount of the certified distribution allocated to economic development purposes that the county and each city and town in the county are entitled to receive during each month of each year equals the product of:
> (A) the amount of the certified distribution that is allocated to economic development purposes for the month; multiplied by
> (B) the quotient of:
> (i) for a city or town, the population of the city or the town that is located in the county and for a county, the population of the part of the county that is not located in a city or town; divided by
> (ii) the population of the entire county.

**City of Bloomington Indiana**
City Hall | 401 N. Morton St. | Post Office Box 100 | Bloomington, Indiana 47402
Office of the Common Council | (812) 349-3409 | Fax: (812) 349-3570 | email: council@bloomington.in.gov

Capital Improvement Plan Required

Under IC § 6-3.6-6-9.5, the city executive may adopt a capital improvement plan specifying the uses of the additional revenue allocated for economic development purposes. If the city fails to adopt a capital improvement plan, it may not receive its amount of additional revenue to be allocated for economic development purposes. Until such a plan is adopted, the County Treasurer would retain the amounts that would otherwise go to the city.

The capital improvement plan required under Indiana Code § 6-3.6-6-9.5 must include the following components:

> (1) Identification and general description of each project that would be funded by other additional revenue allocated for economic development purposes.
>
> (2) The estimated total cost of the project.
>
> (3) Identification of all sources of funds expected to be used for each project.
>
> (4) The planning, development, and construction schedule of each project.

A capital improvement plan must also:

> (1) encompass a period of not less than two (2) years; and
>
> (2) incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount of additional revenue allocated for economic development purposes that is expected to be received by the county, city, or town in that period.

The administration has not provided a capital improvement plan, but has instead pointed to the New Revenue Package Memo and related materials provided by the Mayor's Office as providing much of the substance that will be included in a capital improvement plan. The administration has indicated it would complete a full capital plan as required by statute before the new tax rate would take effect on October 1, 2022.

**Contact**
Jeff Underwood, Controller, 812-349-3416, underwoj@bloomington.in.gov
Beth Cate, Corporation Counsel, 812-349-3426, beth.cate@bloomington.in.gov

**RESOLUTION 22-09**

**RESOLUTION PROPOSING AN ORDINANCE TO MODIFY THE MONROE COUNTY LOCAL INCOME TAX RATE, ALLOCATE THE ADDITIONAL REVENUES TO ECONOMIC DEVELOPMENT AND CAST VOTES IN FAVOR OF THE ORDINANCE**

WHEREAS, pursuant to Indiana Code § 6-3.6-3-1(a), the Monroe County Local Income Tax Council having previously adopted a County Option Income Tax under Indiana Code 6-3.5-6, the Monroe County Local Income Tax Council continues to serve as the adopting body for the Local Income Tax with, pursuant to Indiana Code 6-3.6-3-1(b), the same membership; and

WHEREAS, in September 2016, after notice and a hearing and in support of public safety for all county residents, the Monroe County Local Income Tax Council adopted an ordinance that increased the local income tax expenditure rate by twenty-five hundredths percent (0.25%) (“2016 Increased Expenditure Rate”) from nine thousand four hundred eighty-two ten-thousandths percent (0.9482%) (“Previous Expenditure Rate”) to one and one thousand nine hundred eighty-two ten-thousandths percent (1.1982%) pursuant to Indiana Code § 6-3.6-6-2; and

WHEREAS, upon the passage of that 2016 ordinance, the total Local Income Tax Rate rose to one and three hundred forty-five thousandths percent (1.345%), with the Increased Expenditure Rate allocated between the Public Safety Answering Point (“PSAP”) (0.0725%) and other public safety purposes (0.1775%) pursuant to Indiana Code § 6-3.6-6-8 (“Public Safety Income Tax”), and the Previous Expenditure Rate remaining allocated to Certified Shares pursuant to Indiana Code § 6-3.6-6-10; and

WHEREAS, during preceding years, the Monroe County Local Income Tax Council adopted ordinances modifying the allocation between the PSAP and other public safety purposes and said modifications for the immediately preceding four years took effect as depicted in the following table; and

| **Local Income Tax Type** | **2019** | **2020** | **2021** | **2022** |
|---|---|---|---|---|
| Public Safety Answering Point Rate | 0.0816% | 0.0654% | 0.0594% | 0.0807% |
| Public Safety Rate | 0.01684% | 0.1846% | 0.1906% | 0.1693% |

WHEREAS, the resulting overall Local Income Tax allocation as of January 1, 2022 is depicted in the following table and, pursuant to Indiana Code § 6-3.6-6-4, continues in effect until rescinded or modified; and

<table>
<tr><td colspan="2">Local Income Tax Type</td><td colspan="2">Existing Rate</td></tr>
<tr><td colspan="2">Property Tax Relief Rate (Indiana Code 6-3.6-5)</td><td colspan="2">0.0518%</td></tr>
<tr><td colspan="2">Total Expenditure Rate (Indiana Code 6-3.6-6)</td><td colspan="2">1.1982%</td></tr>
<tr><td rowspan="4">Components of Total Expenditure Rate</td><td>Public Safety</td><td></td><td>0.1693%</td></tr>
<tr><td>Public Safety Answering Point</td><td></td><td>0.0807%</td></tr>
<tr><td>Economic Development</td><td></td><td>0.0000%</td></tr>
<tr><td>Certified Shares</td><td></td><td>0.9482%</td></tr>
<tr><td colspan="2">Special Purpose Rate (Juvenile Local Income Tax) (Indiana Code § 6-3.6-7-16)</td><td colspan="2">0.095%</td></tr>
<tr><td colspan="2">Total:</td><td colspan="2">1.345%</td></tr>
</table>

WHEREAS, Indiana Code 6-3.6 permits a Local Income Tax rate to be imposed for, among other things, economic development purposes (Economic Development Income Tax or “EDIT”); and

WHEREAS, the Bloomington Common Council is a member of the Monroe County Local Income Tax Council and is adopting this resolution in order to propose to the other members of the Monroe County Local Income Tax Council the following ordinance; and

WHEREAS, pursuant to Indiana Code § 6-3.6-3-7, before a member of the Monroe County Local Income Tax Council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with the time and place where the public meeting will be held in accordance with Indiana Code 5-3-1 and include the proposed ordinance or resolution to propose an ordinance in that notice; and

WHEREAS, pursuant to Indiana Code § 6-3.6-3-7(d), the adopting body shall also provide a copy of the notice required by Indiana Code § 6-3.6-3-7(b) to all taxing units in the county at least ten (10) days before the public hearing; and

WHEREAS, the Bloomington Common Council has published notice in accordance with Indiana Code 5-3-1 and Indiana Code § 6-3.6-3-7 and has provided a copy of the notice to all taxing units in the county in accordance with Indiana Code § 6-3.6-3-7(d).

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. A need now exists in Monroe County, Indiana, to impose an Economic Development Income Tax rate ("EDIT") to serve economic development purposes throughout Monroe County. As a member of the Monroe County Local Income Tax Council, the Common Council of the City of Bloomington is adopting this resolution in order to propose the ordinance below to the other members of the Monroe County Local Income Tax Council.

**ORDINANCE MODIFYING LOCAL INCOME TAX RATES WITHIN MONROE COUNTY**

**BE IT ORDAINED BY THE LOCAL INCOME TAX COUNCIL OF MONROE COUNTY, INDIANA, THAT:**

1. A need now exists in Monroe County, Indiana, to impose an Economic Development Income Tax rate ("EDIT") under Indiana Code § 6-3.6-6-4 to serve economic development purposes throughout Monroe County. The proposed EDIT rate is eight hundred fifty-five thousandths percent (0.855%), resulting in the current total tax rate under Indiana Code 6-3.6-6 ("Expenditure Tax Rate") of one and three hundred forty-five thousandths percent (1.345%) increasing so that the new total Expenditure Tax Rate is two and two tenths percent (2.200%).

2. For the avoidance of doubt, no change is intended or authorized by this Ordinance to: (1) the special purpose tax rate imposed by the Monroe County Council under Indiana Code § 6-3.6-7-16 ("Juvenile Local Income Tax") (which is currently ninety-five thousandths percent (0.095%)); (2) the property tax rate under Indiana Code 6-3.6-5 ("Property Tax Relief Rate") (which is currently five hundred eighteen ten-thousandths percent (0.0518%)); (3) the tax rate under Indiana Code § 6-3.6-6-10 (Certified Shares) (which is currently nine thousand four hundred eighty-two ten-thousandths percent (0.9482%)) or (4) the public safety tax rate ("Public Safety Tax") (currently twenty-five hundredths percent (0.25%)) which is divided between the Public Safety Answering Point (0.0807%) and the General Public Safety rate (0.1693%).

3. As a result of the actions in this Ordinance, the Local Income Tax will be allocated as follows, beginning on October 1 , 2022:

| Local Income Tax Type | 2022 Rate (Current) | 2022 Rate (Beginning Oct. 1) |
|---|---|---|
| Certified Shares (IC 6-3.6-3) | .9482% | .9482% |
| Public Safety: | | |
| Public Safety Answering Point Rate | 0.0807% | 0.0807% |
| Public Safety Rate | 0.1693% | 0.1693% |
| **Economic Development (IC 6-3.6-6)** | **0.0000%** | **0.855%** |
| Property Tax Relief Rate (IC 6-3.6-5) | 0.0518% | 0.0518% |
| Special Purpose Rate (IC 6-3.6-5) | 0.095% | 0.095% |
| **Total Tax Rate** | **1.345%** | **2.200%** |

4. Pursuant to Indiana Code 6-3.6-6-9, the Local Income Tax Council may direct that EDIT proceeds be distributed to each city, town, and county either based on the total property taxes imposed during the preceding calendar year (Indiana Code § 6-3.6-6-9(b)) or based on population (Indiana Code § 6-3.6-6-9(c)). The Monroe County Income Tax Council hereby directs that revenue associated with the EDIT rate shall be directed to eligible taxing units who are members of the Monroe County Local Income Tax Council based upon population, in accordance with Indiana Code § 6-3.6-6-9(c). Pursuant to Indiana Code § 6-3.6-6-9(c)(1), said population-based distribution shall be in place beginning January 1, 2023 and shall continue from that date forward. From October 1, 2022 through December 31, 2022, EDIT proceeds shall be allocated based on the proportional property taxes imposed by each city, town, or county during 2021, plus for Monroe County the welfare allocation amount, in accordance Indiana Code § 6-3.6-6-9(b).

5. For further avoidance of doubt, no other change to the Monroe County Local Income Tax Council ordinance last adopted is intended or authorized. In that regard, the ordinance affirms and clarifies that, pursuant to Indiana Code § 6-3.6-6-4, the Monroe County Local Income Tax Council continues to retain the right to change the allocation of taxes comprised within the expenditure rate. At this time in Monroe County, the components of the expenditure rate that may be affected by this allocation include the EDIT rate and the Total Tax Rate. Any future change to the allocation of these local income taxes must be done via an ordinance of the Monroe County Local Income Tax Council in a manner and with an effective date as set forth Indiana Code § 6-3.6-3-3, as may be amended by the Indiana General Assembly from time to time. Currently, the effective date for an ordinance increasing a tax rate adopted after December 31st of the immediately preceding year and before September 1st of the current year is October 1st of the current year.

6. This ordinance shall take effect upon passage and in accordance with Indiana Code 6-3.6-3 and Indiana Code § 6-3.6-6-9(c)(1).

7. The Monroe County Auditor shall record all votes taken on this ordinance and immediately send a certified copy of the results to the Indiana Department of Revenue and Department of Local Government Finance by certified mail.

8. Any provision herein contained which is found by a court of competent jurisdiction to be unlawful or which by operation shall be inapplicable, shall be deemed omitted but the rest and remainder of this resolution, to the extent feasible, shall remain in full force and effect.

SECTION 2. BE IT FURTHER RESOLVED that by adopting this resolution, the City of Bloomington Common Council is casting the number of votes recorded below of its fifty-six and sixty-six hundredths (56.66) votes as a member of the Monroe County Local Income Tax Council in favor of the proposed ordinance. In accordance with Indiana Code § 6-3.6-3-6, Indiana Code § 6-3.6-6-8, and the Monroe County Auditor's 2022 Income Tax Council Voting Allocation, each member of the Bloomington Common Council may cast six and three tenths (6.30) votes in favor of or against this Resolution.

SECTION 3. BE IT FURTHER RESOLVED that a public hearing was held on this resolution and the proposed ordinance on April 20, 2022. Proper notice of the public hearing was provided pursuant to Indiana Code 5-3-1 and Indiana Code § 6-3.6-3-7.

SECTION 4. This resolution shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

Duly adopted by the following vote of the members of said Common Council of the City of Bloomington, Monroe County, on this ____ day of ________________, 2022.

| Name | (circle one) | | | Signature |
|---|---|---|---|---|
| Susan Sandberg, President | Aye | Nay | Abstain | ______________________ |
| Sue Sgambelluri, Vice President | Aye | Nay | Abstain | ______________________ |
| Dave Rollo, Parliamentarian | Aye | Nay | Abstain | ______________________ |
| Matt Flaherty | Aye | Nay | Abstain | ______________________ |
| Isabel Piedmont-Smith | Aye | Nay | Abstain | ______________________ |
| Kate Rosenbarger | Aye | Nay | Abstain | ______________________ |
| Jim Sims | Aye | Nay | Abstain | ______________________ |
| Ron Smith | Aye | Nay | Abstain | ______________________ |
| Steve Volan | Aye | Nay | Abstain | ______________________ |

Total Number of Votes Cast in Favor of the Proposed Ordinance: ________________________

ATTEST:

______________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana upon this _________ day of _____________________, 2022.

______________________________
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _________ day of _____________________, 2022.

______________________________
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

Resolution 22-09 proposes an ordinance to the Monroe County Local Income Tax Council that would impose an economic development tax rate ("EDIT"). The Monroe County Local Income Tax Council is the body that must approve modifications to the Local Income Tax, and it consists of four member-fiscal bodies: (1) the City of Bloomington Common Council; (2) the Monroe County Council; (3) the Town of Ellettsville Town Council; and (4) the Town of Stinesville Town Council. This Resolution would cast some percentage of the City of Bloomington's votes on the Monroe County Local Income Tax Council in favor of the Ordinance modifying the Local Income Tax to impose an EDIT, depending on the votes of the individual members of the City of Bloomington Common Council.

CITY OF
BLOOMINGTON

**TO:** Members of the Common Council
**FROM:** Mayor John Hamilton
**CC:** Stephen Lucas, Council Administrator/Attorney
Beth Cate, Corporation Counsel, City of Bloomington
**RE:** Resolution 22-09 – Economic Development Income Tax
**DATE:** April 8, 2022

The Administration proposes an increase to the Monroe County Local Income Tax ("LIT") rate, which is governed by the provisions of Indiana Code 6-3.6-1, et seq., to promote sustainable and equitable economic development and associated essential city services. Resolution 22-09 proposes that Monroe County adopt an Economic Development Local Income Tax ("ED-LIT") allocated by population at a rate of 0.855% which brings the total rate to 2.2%.

A 0.855% increase in the LIT is projected to generate approximately $18 million in new annual revenue for the City of Bloomington. The Administration proposes this increase to invest appropriately in four key areas:

- **Public Safety - $4,500,000**
- **Climate Change Preparedness and Mitigation - $6,595,000**
- **Equity and Quality of Life for All - $3,900,000**
- **Essential City Services - $3,000,000**

See *Appendix B: LIT Details* for more detailed information about the proposed items to be funded within each area.

A memo outlining the reasons for enacting a LIT increase, containing a previous version of Appendix B, was shared with City Council on March 16 (https://bton.in/8UZMG). A copy of my remarks about the LIT from the City Council meeting on April 6 are attached.

The Administration proposes to create a separate fund to receive the increased LIT revenues from which annual appropriations would be made. This will strengthen and institutionalize full transparency, reporting, and accountability for the uses and impact of the increased revenues. In addition, the capital improvement plan that is required by state law to guide the expenditures will be reviewed regularly with the Council and the public.

It is important to note that Indiana is a relatively low-tax state. Among Indiana's 20 largest Class 2 cities, Bloomington is in the lowest quartile of both property and local income tax rates. Considering combined rates, we are nearly at the very bottom. We have the lowest LIT rate among our seven contiguous counties, and we sit in the bottom quartile statewide.

We are also low comparatively when it comes to government expenditures, revealing the capacity for responsible growth. Looking at per-capita annual spending from city general funds, Bloomington ranks 14th among Indiana's 20 largest class 2 cities. Our $624 per capita annual spending is 16% below the median of $742.

The appendices and Frequently Asked Questions attached to this memo offer further details. A dedicated City web page for new revenue has been publicly available at [bloomington.in.gov/newrevenue](bloomington.in.gov/newrevenue) since March 16.

**LIT BACKGROUND & PROCESS**

In Indiana, local communities are permitted to adopt a local income tax, or "LIT," in accordance with Indiana Code 6-3.6. Every county in Indiana has adopted a LIT, which is expressed as a percentage. A county's LIT percentage is withheld from wage earners' personal income based on the rate set in a taxpayer's county of residence. Monroe County's overall LIT rate is set at 1.345%, though LIT rates in Indiana currently range up to three percent (3.0%).

A county's overall local income tax rate comprises a series of other rates. Most of the rates that comprise the overall LIT rate are adopted by the Monroe County Local Income Tax Council ("LIT Council"). Monroe County's LIT Council comprises four member bodies: Bloomington's City Council, the Monroe County Council, the Ellettsville Town Council, and the Stinesville Town Council. LIT Council votes are allocated individually to members of each of these four bodies in proportion to the population. For 2022, the relative vote share for each member of each LIT Council body is summarized in the table below:

| Unit of Government | Number LIT Council Votes per Member |
|---|---|
| Bloomington City Council (9 Members) | 6.30/Council Member |
| Monroe County Council (7 Members) | 5.49/Council Member |
| Ellettsville Town Council (5 Members) | .95/Council Member |
| Stinesville Town Council (3 Members) | .05/Council Member |

A combination of individual votes from the members of these bodies totaling at least 50 total votes is required for the LIT Council to pass a measure affecting LIT, such as a LIT increase. The majority of the LIT Council's votes reside in the Bloomington City Council—56.66 votes, to be exact.  This means that either 8 or 9 votes from Bloomington City Council members are sufficient on their own to pass a LIT increase. Fewer than 8 votes from the Bloomington City

Council would require positive votes from one or more members of the other three councils in the LIT Council.

In order to alter a local income tax rate, one of the members of the LIT Council must propose that the LIT Council adopt an ordinance. The member makes this proposal by adopting a resolution that proposes an ordinance. Resolution 22-09 is this type of resolution. The proposal and adoption process is set forth by state law and is a bit convoluted, but is familiar in Monroe County. Our LIT Council has adopted a resolution proposing a LIT ordinance every year since 2016 in order to adjust the relative portions and distributions of our LIT.

The effective date of an increase to a LIT rate depends on the date on which the LIT ordinance is adopted. A LIT ordinance increasing a tax rate adopted between November 1 and August 31 takes effect on October 1. A LIT ordinance increasing a tax rate adopted between September 1 and October 31 takes effect on January 1. Given the timing of this proposal, Resolution 22-09 would result in a new LIT rate taking effect on October 1, 2022.

Monroe County's overall LIT rate is 1.345%. Of the other 91 counties in Indiana, 69 have adopted a LIT higher than Monroe County. Our current LIT rate structure, broken down by type of rate, is summarized in the table below:

<table>
<tr><th colspan="2">Local Income Tax Type</th><th colspan="2">Existing Rate</th></tr>
<tr><td colspan="2">Property Tax Relief Rate (Indiana Code 6-3.6-5)</td><td colspan="2">0.0518%</td></tr>
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<tr><td>Economic Development</td><td></td><td>0.0000%</td></tr>
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<tr><td colspan="2">Total:</td><td colspan="2">1.345%</td></tr>
</table>

Income tax revenue from the property tax relief rate may only be used by the Auditor to provide a property tax credit to reduce the property tax liability of taxpayers who own property in Monroe County.

The overall public safety local income tax rate, set at 0.25%, is broken down into two buckets—public safety answering point (PSAP) revenue and general public safety revenue. PSAP revenue may only be used by our Dispatch Department for expenses related to answering emergency calls and dispatching emergency responders. Each year, the LIT Council sets the PSAP rate based on the rate required to fund Dispatch's adopted budget. The remainder comprises the general public safety rate, and this portion flows to the public safety departments at the City of Bloomington, Monroe County, Ellettsville, and Stinesville.

The certified shares rate is more general. Revenue from certified shares flows to every local taxing unit in the County, with the exception of the two school corporations. Revenue in the form of certified shares is simply treated as additional revenue and may be used for any lawful purpose.

Lastly, Monroe County has imposed a special purpose rate for facilities that provide juvenile services. This rate is imposed exclusively by the County's fiscal body. The City had no role in adopting the rate and does not receive any revenue from the tax.

As seen in the table above, Monroe County has not yet imposed an Economic Development Local Income Tax (ED-LIT) as part of its LIT rate. Resolution 22-09 proposes for the first time that Monroe County adopt an ED-LIT, at a rate of 0.855%. This would bring the total LIT rate to 2.2%.

Like public safety local income tax revenue, ED-LIT revenue is distributed to four entities: the City, County, Ellettsville, and Stinesville. ED-LIT revenue may be used for a variety of development purposes, including capital projects, bond or lease payments related to economic development projects, operating expenses of governmental entities that plan or implement economic development projects, and any lawful purpose for which money in any other fund may be used.

ED-LIT revenue may be distributed to the four recipients in two different ways: (1) based on each entity's relative property tax levy or (2) based on each entity's relative population. Resolution 22-09 proposes to distribute ED-LIT revenue based on relative population rather than relative property tax levy. However, because of the way the effective dates are structured in the ED-LIT statute, the population-based distribution will not be in effect until January 1, 2023. Thus, from October 1, 2022, through December 31, 2022, ED-LIT revenue would be distributed based on the proportional property tax levy.

When the ED-LIT is distributed by relative population, the distribution among the members of the LIT Council would be as follows:

| Member % of Population | Estimated Distribution |
|---|---|
| City of Bloomington – 58.3% | $18.00 million |
| Monroe County – 37.0% | $11.40 million |
| Town of Ellettsville – 4.6% | $1.43 million |
| Town of Stinesville – 0.1% | $44,000 |

For the last quarter of 2022, when the ED-LIT would be distributed by relative property tax levy, the distribution would be as follows:

| Member % of Adjusted Certified Property Tax Levy | Estimated Distribution (Annualized) |
|---|---|
| Monroe County – 50.77% | $15.67 million |
| City of Bloomington – 46.62% | $14.39 million |
| Town of Ellettsville – 2.6% | $801,600 |
| Town of Stinesville – .01% | $4,400 |

As taxes are collected based on population, the most equitable allocation of the funds collected is also by population. The City favors population-based distribution because it allows for a lower LIT increase overall while producing the revenue required to fund critical public safety needs and essential City services and to achieve sustainable and equitable growth. A population-based distribution also provides significantly more funds for the towns while preserving substantial funding for the county.

Entities receiving ED-LIT revenue must adopt a capital improvement plan, and the plan must incorporate projects, the cost of which is at least 75% of the ED-LIT revenue the entity expects to receive. The capital improvement plan must be in place before the City receives any ED-LIT revenue, but it need not be adopted at the same time that Resolution 22-09 is considered by the LIT Council. The City's capital improvement plan will incorporate the items in Appendix B and reflect Council and public input during the hearings on the Resolution. As noted above, the plan will be reviewed regularly with Council and the public (including as part of the annual budget process).

A capital improvement plan for ED-LIT typically covers multiple years–and must cover at least two years–and reflects anticipated funding for longer-term and ongoing activities to be supported by ED-LIT revenue. At the same time, the LIT increase proposed by Resolution 22-09 may be adjusted or eliminated in the future with sufficient votes from the LIT Council. The only funding commitments paid for by ED-LIT that may be made irrevocable for a necessary duration are bond debt service and lease payments.

The City appreciates the Council's careful consideration of Ordinance 22-09, and we are happy to address any additional questions the Council may have regarding Resolution 22-09.

CITY OF
BLOOMINGTON

# MAYOR HAMILTON'S LOCAL INCOME TAX REMARKS

at the City Council Meeting on April 6, 2022

Bloomington is at a pivot point. You've all heard me describe pressing needs confronting us—several times. I'll begin tonight with a different voice.

Mayor Tomi Allison made the following comments in a 1984 memo to City Council, which first established the Local Option Income Tax: "No government official wants to raise taxes which are unnecessary. But our first obligation is to provide basic services to our citizens. We must maintain the high quality of our police and fire services. We must maintain our streets, curbs, sidewalks, our equipment inventory, and our city facilities." This 1984 income tax of 0.5% was raised another 0.5% five years later, in a 1989 Council action, bringing the basic LIT to 1.0% some 30 years ago, where it stayed until 2016 when the Local Income Tax Council raised a 0.25% Public Safety LIT to support critical investments in that sector.

For three decades, together, we have provided those essential services. But in order to continue to do so, with several revenue sources declining, city services and facilities expanding, pressures on our employees, and our expenses increasing, we must have additional revenue to continue the excellence we have achieved and our residents expect.

In addition, beyond those essential services, I believe we owe current and future residents a similar obligation to invest in the future, to address challenges we see today and expect tomorrow. In particular, climate, and inclusion, to ensure we are addressing this changing planet and community responsibly and in ways that allow ALL our residents to thrive, future and present, and from whatever walk of life.

That's what tonight and the next two weeks of consideration are about—meeting basic needs and meeting fundamental obligations. Tonight I'll briefly share where we are and our recent progress together over the past few years. Then we will review the process that has led us this LIT proposal. And the next steps. I'll be happy to address questions during the presentation or thereafter, continuing the extensive dialogue we have engaged in over the past weeks and months.

## BACKGROUND

Just to set the table: Since 2016, together, we have made great progress in our City in providing excellent essential services and improving opportunities for our residents.

Through your support of the Public Safety LIT in 2016, we have been able to equip and update our dispatch, police, and fire departments. Today, we are the only city in Indiana with a nationally accredited police force and a top-ranked fire department (ISO 1). With declining crime rates and an unprecedented fifth year in a row with zero fire fatalities. *(See Figures A.1 and A.2).*

Through your support for affordable housing through the Housing Development Fund and zoning incentives, we have expanded our investments in affordable housing dramatically, resulting in 1,121 units of affordable housing over the past six years *(See Figure A.3).*

Through your support for the integrated Tax Increment Finance (TIF) district and the Redevelopment Commission, we have been able to create Switchyard Park, the Trades District, Hopewell, and support other key local infrastructure investments. Our jobs and wage rates are increasing *(See Figure A.4)*. And we have seen unprecedented private investment and public infrastructure progress, over $3 billion in recent years.

Through your support for our Parks department, through the years and through the Bicentennial, we have been able to earn two national gold medals and expand a department to the envy of most cities our size. Including, of course, our largest new parks project ever, Switchyard Park *(See Figure A.5)*.

Through your support for three affiliated entities, we have seen strong growth in impact and quality at each: incremental rate adjustments at our Utilities department have accelerated water main replacements and improved the size and quality of our wastewater plants, as well as protecting the quality of our water and Lake Monroe *(See Figures A.6, A.7, and A.8).*

Bloomington Transit has attracted substantial federal support to replace buses, buying 28 new buses over the past six years, compared with only 10 in the previous six years *(See Figure A.9).*

And the Bloomington Housing Authority has dramatically accelerated the upgrades of more than 200 public housing units, doing in about five years what was previously scheduled to take more than 25 years *(See Figure A.10)*.

Through your support for our solar contract and expanding our investments in sustainability, we have begun implementing our first-ever Climate Action Plan.

Overall, through the Council's consistent support for fiscal stewardship throughout all the years, we have been able to advance our community in these many ways, responsibly and proactively. The most recent investments of Recover Forward are one more example, allowing us during a pandemic and great recession to keep investing in our nonprofits and our people, our employers, and our basic services to weather the storms and do our job to help people thrive.

## LOOKING FORWARD

Today is another step in being those good stewards and meeting those challenges and opportunities. Our fiscal condition at present is good, but not without future revenue.

Two years ago, in January 2020, we previewed critical investments needed and discussed a potential LIT. Then COVID hit. In 2021, we considered a LIT again amid a very challenging pandemic and recession. We dedicated local reserves and then federal money to Recover Forward. The federal support from the American Rescue Plan of last year was absolutely critical to sustain our good efforts. But as you know, that was just one-time support. Finally, during deliberations for the 2022 budget, as a Council, you indicated support for more public safety investments and more regular infrastructure investments.

Three weeks ago, our Administration shared a detailed outline of categories and programs for the LIT and the bonds. We specified four key areas for LIT investments. First, critical public safety investments, including staffing costs for both sworn and non-sworn personnel and major facility costs that are not covered in the ten-year PS-LIT capital plan.

Second, investments are needed to sustain other essential city services in the face of pressures on workforce costs, increasing operating and supply costs, growing general maintenance and replacement needs, as well as revenue reductions, in particular, affecting information technology needs, including cybersecurity.

Third, investments to prepare for and mitigate climate change and its effects locally. This includes major local investments in improved transit services, which should also help leverage significant federal funding and direct investments to implement the ambitious city-wide Climate Action Plan.

And fourth, we outlined key LIT investments needed to assure Bloomington is a place of diversity, equity, and inclusion, where all can thrive, including significant investments in affordable housing – both ownership and rental – and help people access jobs and careers, including in trades, for example, as infrastructure spending in coming years increases. We also establish an economic equity fund to help low-income working residents and ongoing investments to support our vital arts and local food sectors.

All of this reflects our community at a pivot point. How will we come out of the pandemic and recession? As President Biden has urged, will we Build Back Better? Will we keep up Bloomington's momentum?

Since sharing that outline and all of those details, we have been listening. To you directly, in a public Council work session, and through many, many individual conversations. We have heard from organizations and from individual public members, including through an online poll active for weeks, with scores of people responding. And truly, since January 2020, countless conversations and communications.

And of course, it’s worth noting that the proposal reflects extensive public input incorporated in documents like the Climate Action Plan itself and three city-wide scientific surveys, for example, reflecting the public’s opinion that the City should seriously address affordable housing and our Comprehensive Plan and Transportation Plan both updated through long public processes in the past five years

Specifically, since mid-March, in reaction to our proposals, we heard feedback including:

- A 1% rate rise seems too much; lower if possible. Others strongly support a full 1%
- Some wanted even greater investment in basic city services beyond public safety
- Some wanted to reduce new investments in transit; others said they are essential and to increase
- Some wanted to eliminate or reduce jobs money; others view it as important
- Some wanted more, and some wanted less in the economic equity fund
- Several supported housing, some especially for homeownership
- Some wanted more Climate Action Plan direct investment. Some wanted less.
- Some expressed interest in knowing what leverage the LIT investments offered
- Some wanted assurance of transparency in explicitly tracking LIT expenditures over time
- The public voted allocations among all four categories, within a 20-30% range for each one.

We took all that feedback in, and before we share revisions to the proposal, I want to remind the Council of our local capacity to invest. As we have discussed, our county LIT is low now. Lowest among the seven contiguous counties *(See Figure A.11)*. Low statewide. We haven’t raised the basic LIT for 30 years. When you look at our overall tax rate – income and property – we are among the lowest of Indiana’s large cities *(See Figure A.12).* We also have modest spending levels when we compare ourselves to those cities *(See Figure A.13)*

## THE PROPOSAL

Again based on feedback, and as always focusing on meeting needs regarding the LIT, we will advance for your review a proposal based on the March 17 outline, adjusted as follows:

- A 0.855% increase in the LIT – lower than the full 1% that some have advocated but sufficient to meet our community’s needs. This incorporates the Economic Development LIT proposal allocated by population.
- An increase in essential city services, of $500k allocated to personnel, and major expenses increases
- An increase in Climate Action Plan investments of $250k
- An increase of $250k for the economic equity fund to help address any negative impacts

Also, based on your feedback, we will create a new fund into which the ED LIT revenue will go. It will be appropriated annually through the budget process and the program budgets, tracking through to each department and program.

These proposals will result in a local LIT rate of 2.2%, which will put us exactly in the middle of our immediate neighbor counties – three higher and three lower *(See Figure A.14)*. Statewide it will put us in the second quartile of LIT rates. And by the way, it's important to note that the state recently adopted a reduction in the state income tax, planning a 0.33% point reduction over the coming years. That would bring the effective rate we are adding down nearly to 0.5%.

A 0.855% increase in the LIT, as proposed here, is projected to generate approximately $18 million in new annual revenue for the City of Bloomington. Other governmental units would also receive additional projected annual revenue: specifically, the County would receive $11.4 million, Ellettsville $1.4 million, and the town of Stinesville about $44 thousand annually.

These new funds will change our community's trajectory. They will allow us to address critical needs and meet fundamental obligations to our residents, present and future. As Mayor Allison said 38 years ago, we meet our "first obligation" of basic services, and we also advance our community into a much brighter future, more sustainable and more equitable.

This proposal will soon be in your hands. I know very well that all nine of you, like me, love this City and work diligently to advance our future. I also know that the ten of us may have different assessments of how best precisely to do that. I believe we share a great deal in values and in goals. Indeed we share a great deal in approaches and priorities. But we are not all of one mind. That's a democracy. I have done my best to provide a proposal that reflects the range of thinking on this Council and this community. On how best to move forward. It's up to us now to work together to find that common ground, reflecting the fact that none of us will find a final result matching exactly what we might want personally. Still, we can be confident that the solution will be a great step forward for all of Bloomington.

# Local Income Tax Memo

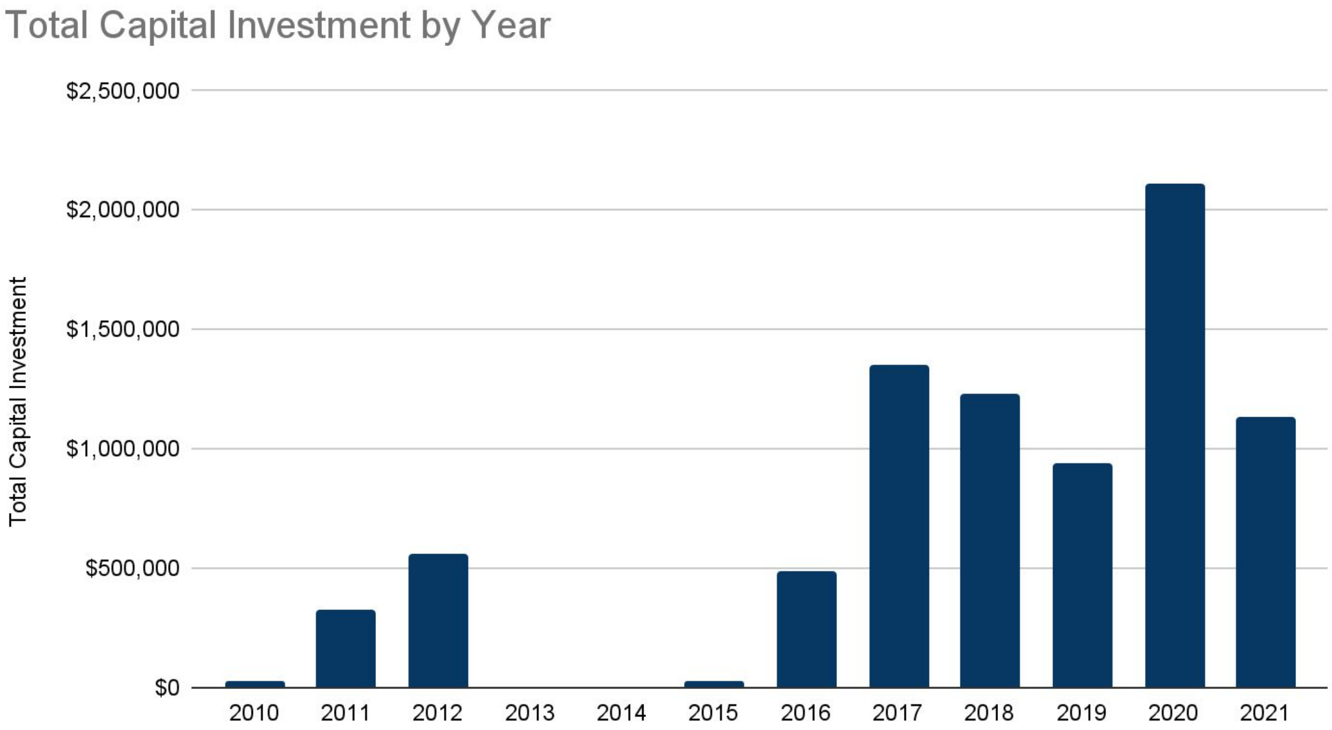
Appendix A

CITY OF
BLOOMINGTON

citybloomington

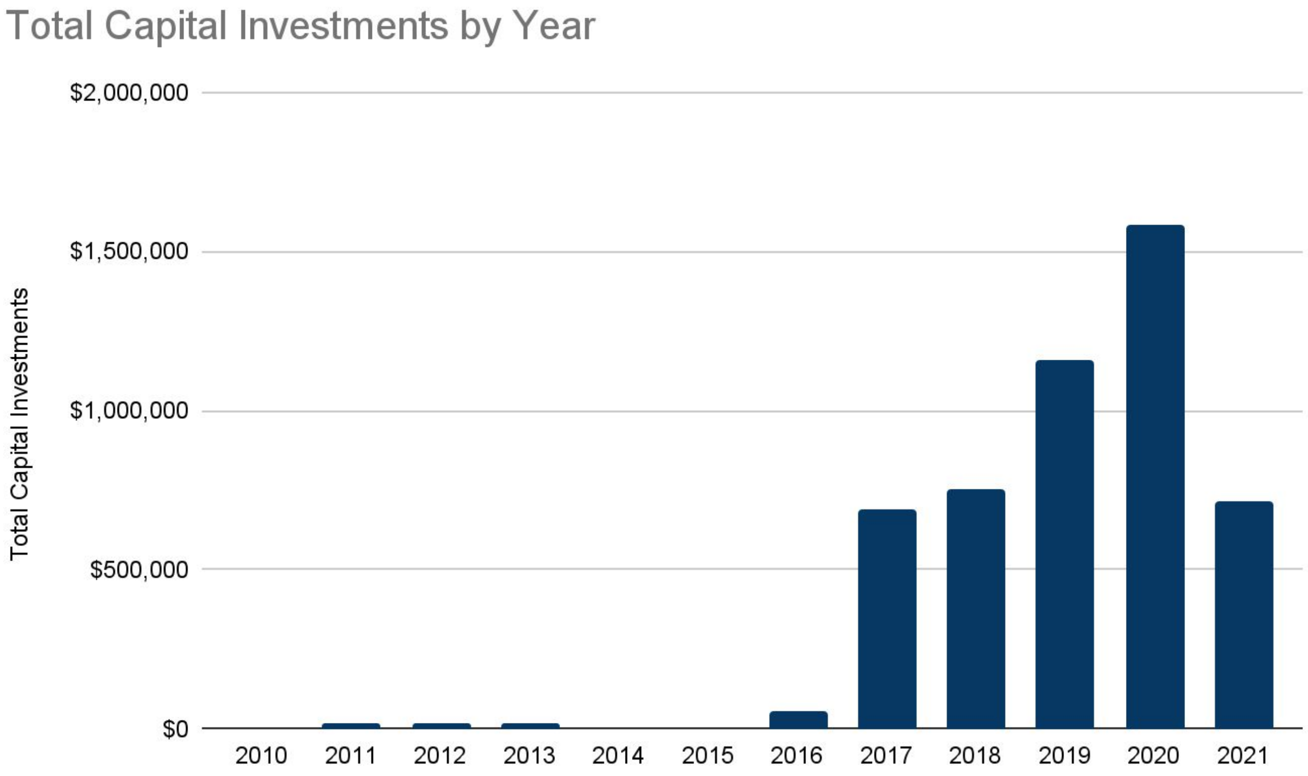
# BLOOMINGTON FIRE DEPARTMENT

**Figure A.1**



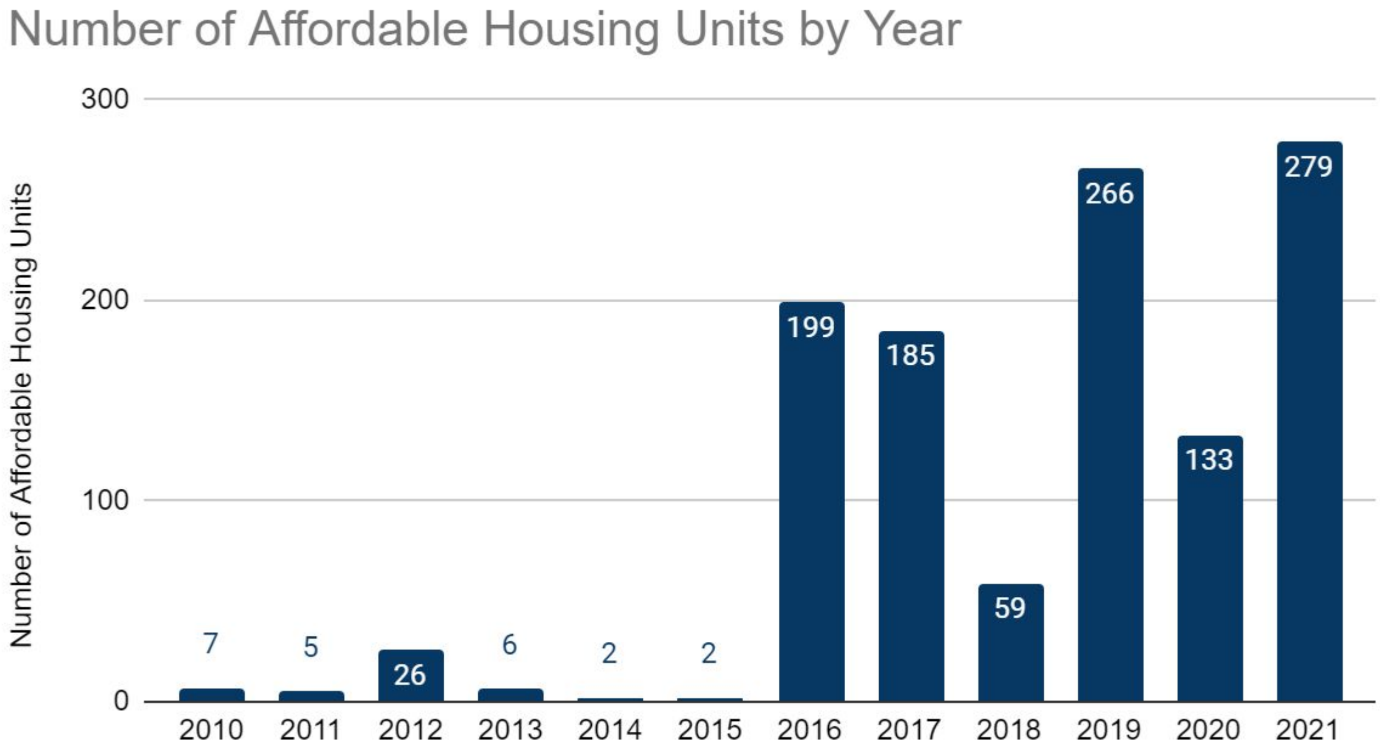
# BLOOMINGTON POLICE DEPARTMENT

**Figure A.2**



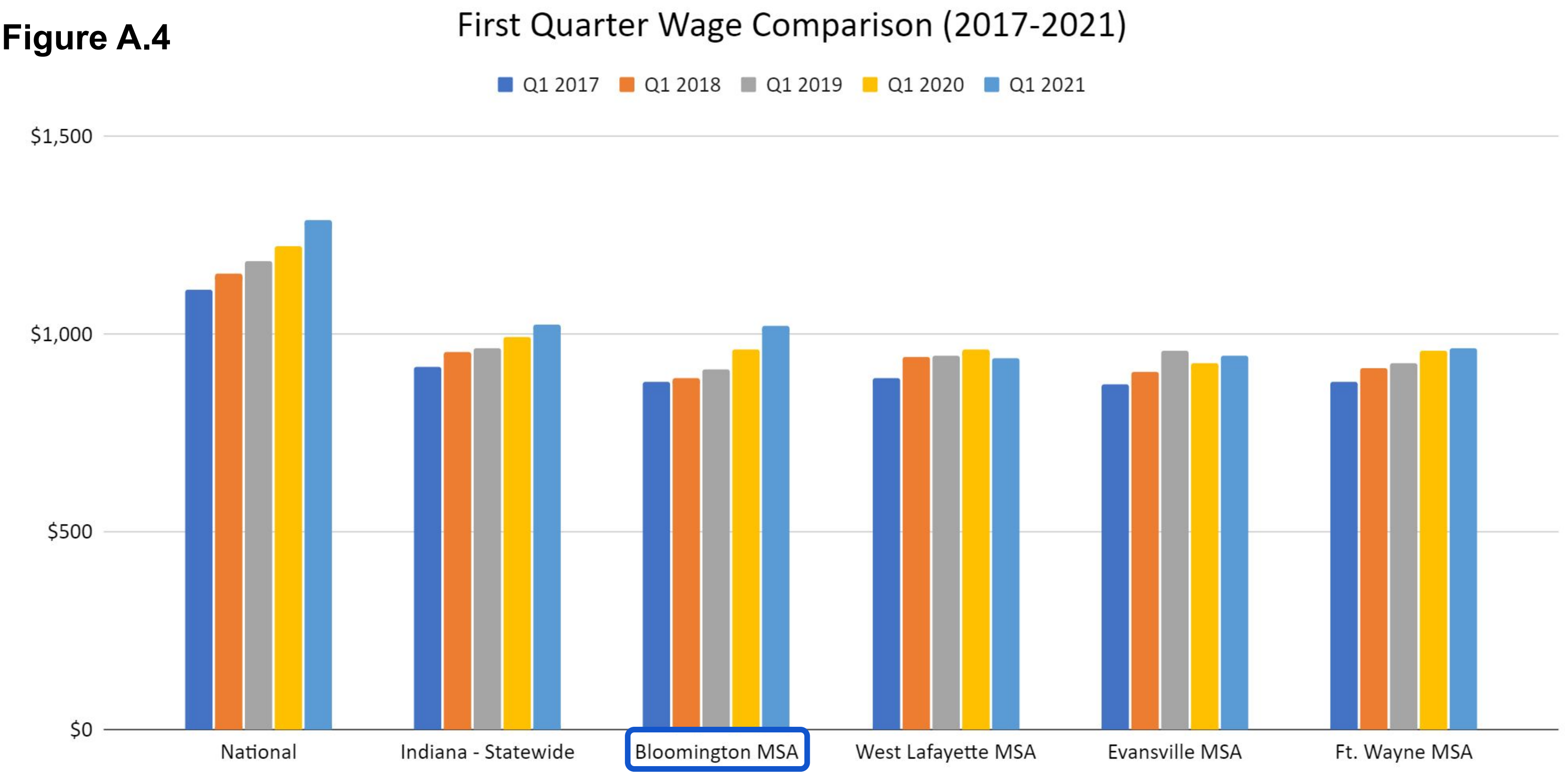
# AFFORDABLE HOUSING

**Figure A.3**



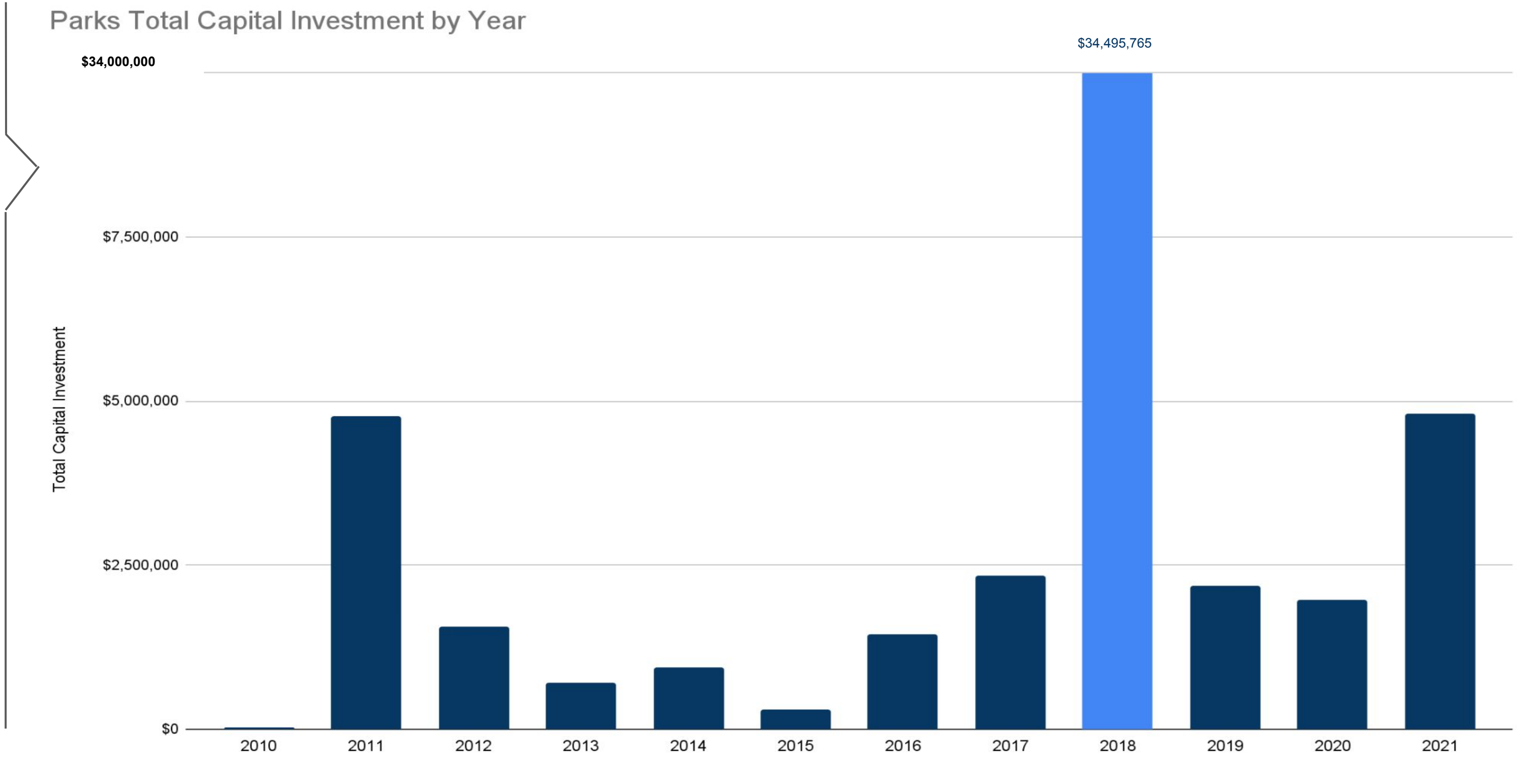
# JOBS

**Figure A.4**



# PARKS AND RECREATION DEPARTMENT

## Figure A.5

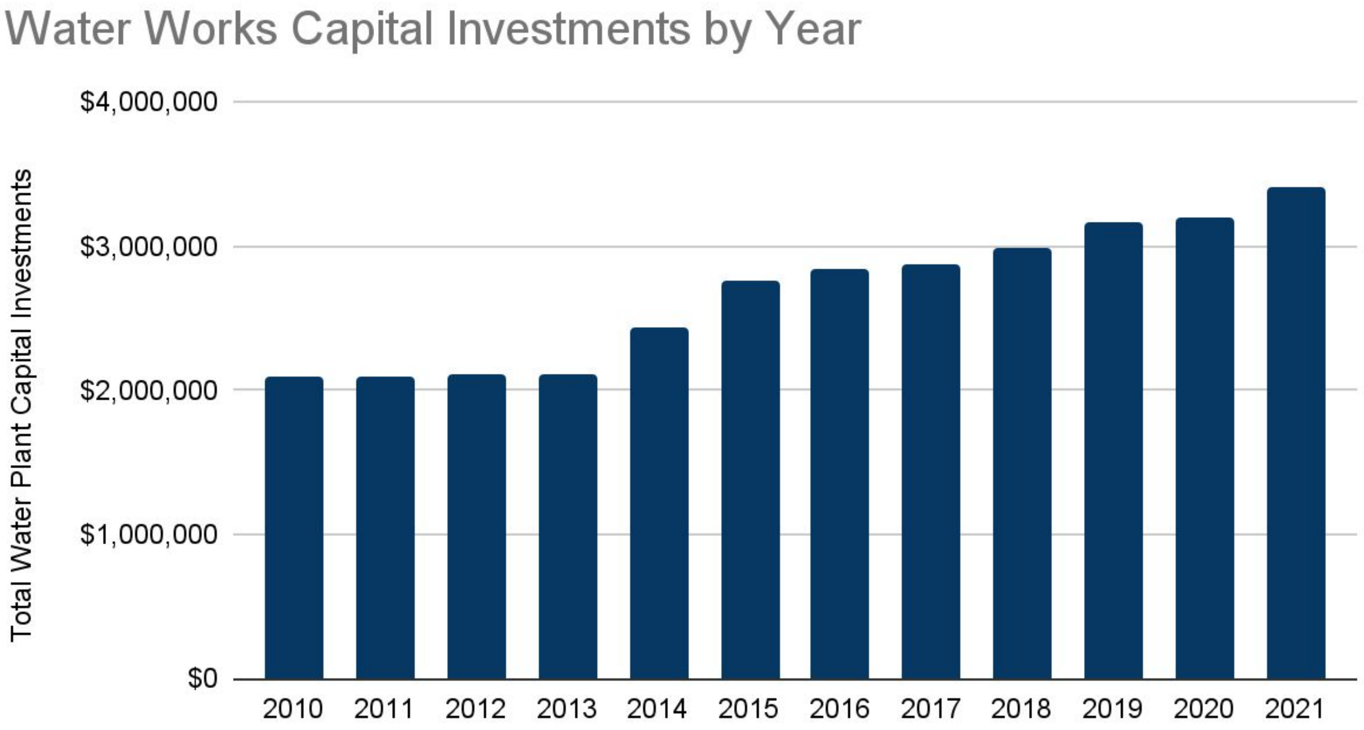


# STORMWATER UTILITY CAPITAL INVESTMENTS

**Figure A.6**

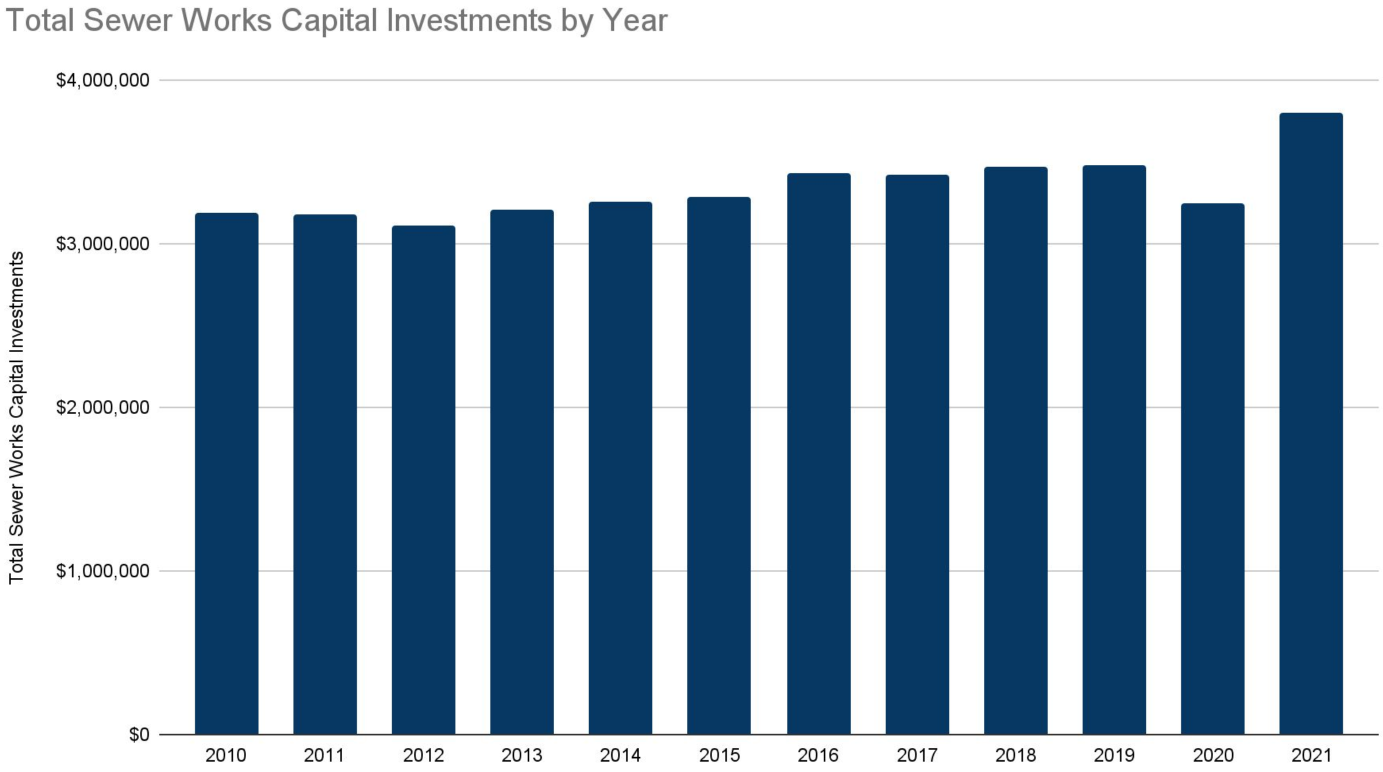
# WATER WORKS CAPITAL INVESTMENTS

**Figure A.7**



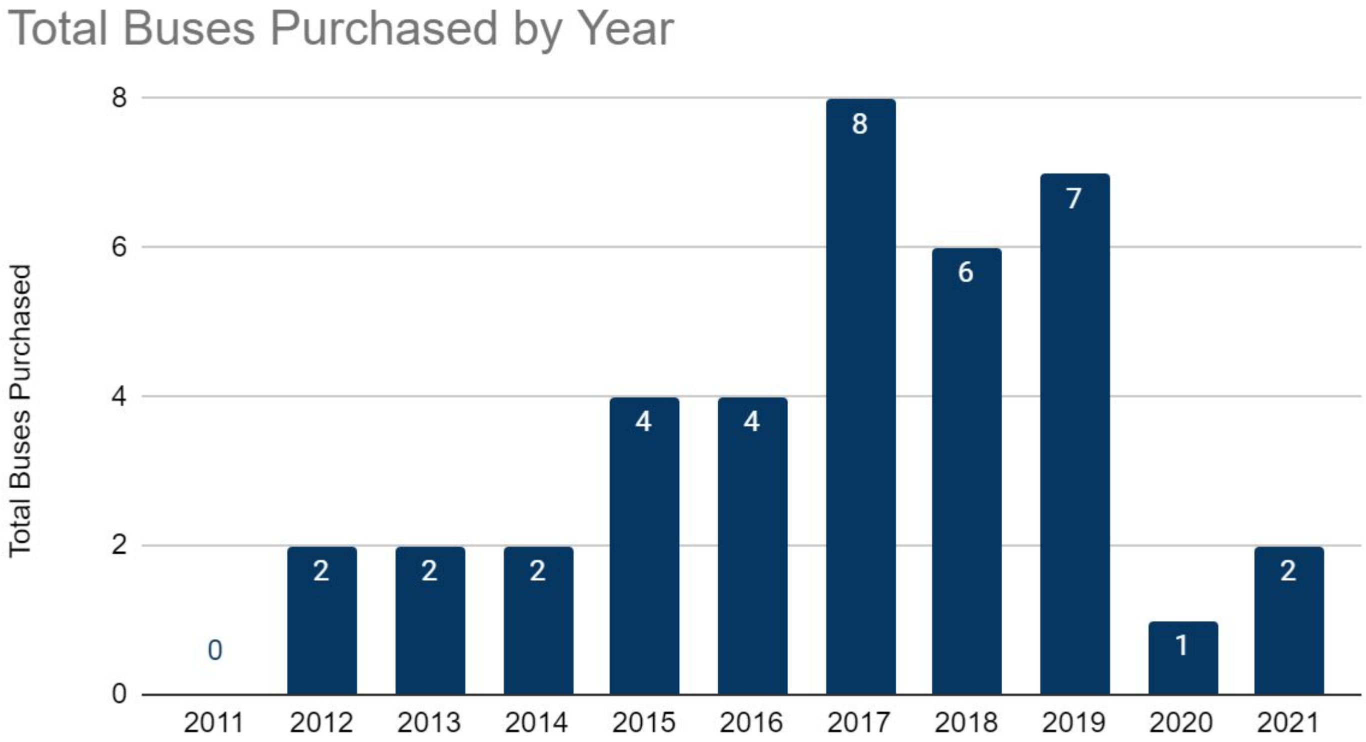
# SEWER WORKS CAPITAL INVESTMENTS

**Figure A.8**



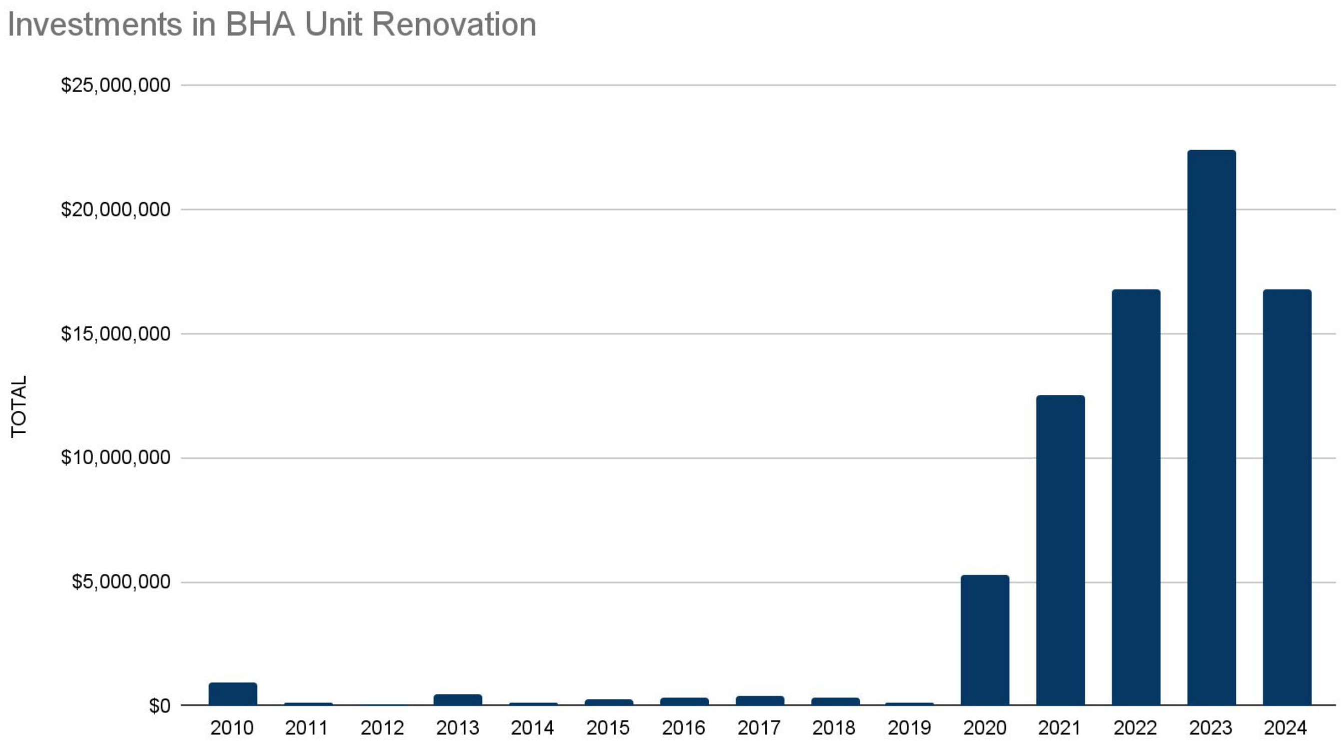
# BLOOMINGTON TRANSIT

**Figure A.9**



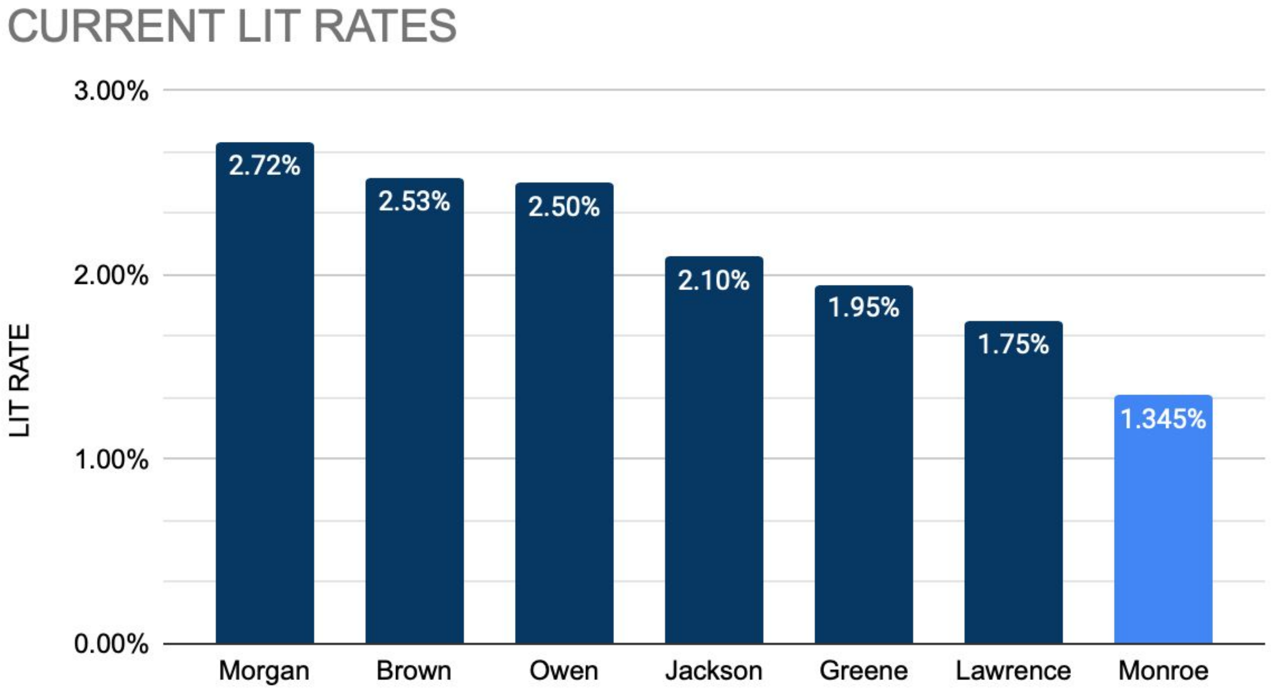
# BLOOMINGTON HOUSING AUTHORITY

**Figure A.10**



# CURRENT LIT FOR CONTIGUOUS COUNTIES

**Figure A.11**

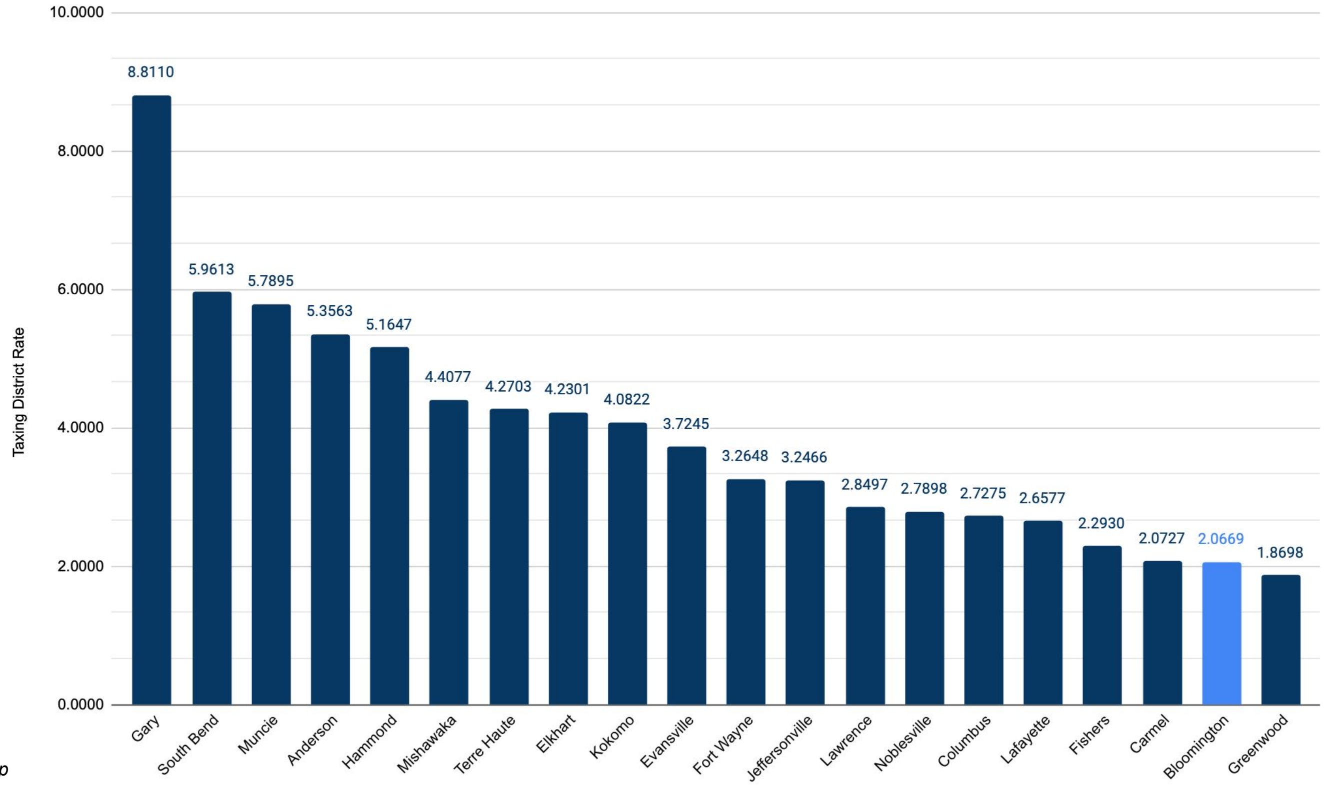



*Source: Indiana Department of Revenue*

# CURRENT COMBINED PROPERTY & LOCAL INCOME TAX

BLOOMINGTON'S COMBINED TAX RATE RELATIVE TO THE 20 LARGEST CLASS 2 CITIES IN INDIANA.

**Figure A.12**

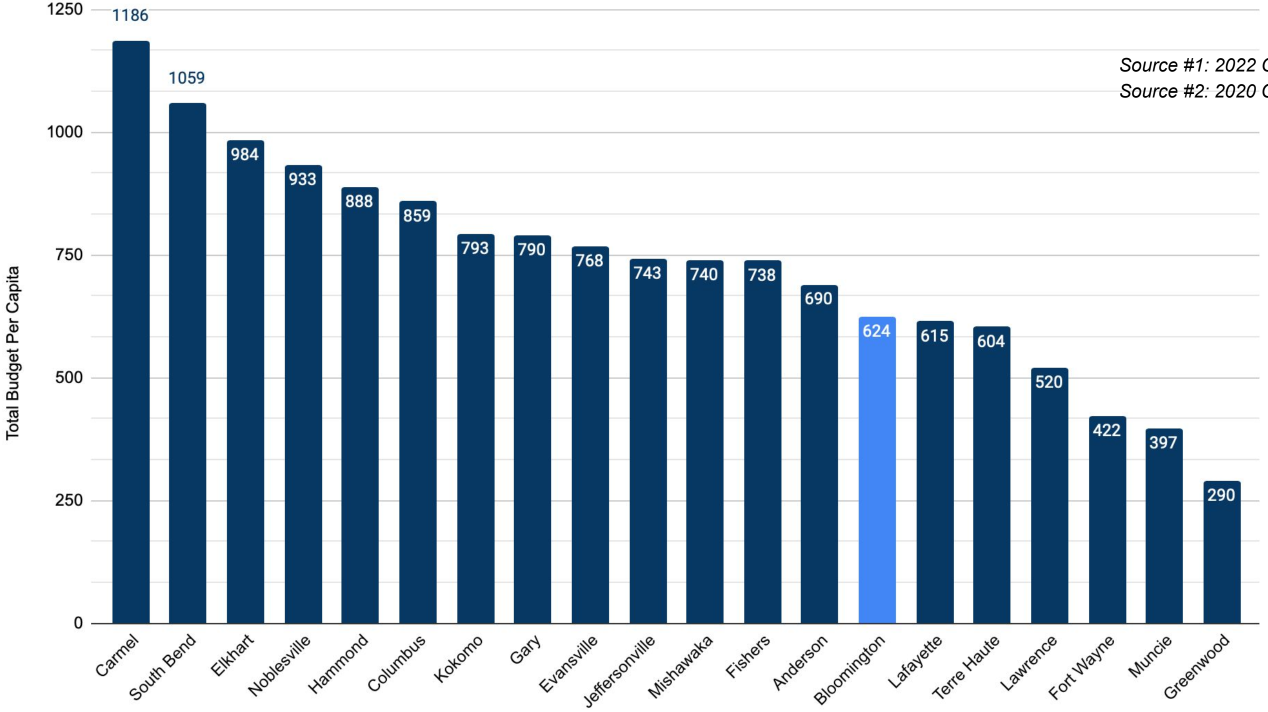



*Source: Reedy Financial Group*

# PER CAPITA ANNUAL SPENDING

20 LARGEST CLASS 2 CITIES IN INDIANA, RANKED BY PER-CAPITA ANNUAL SPENDING FROM THE GENERAL FUND.

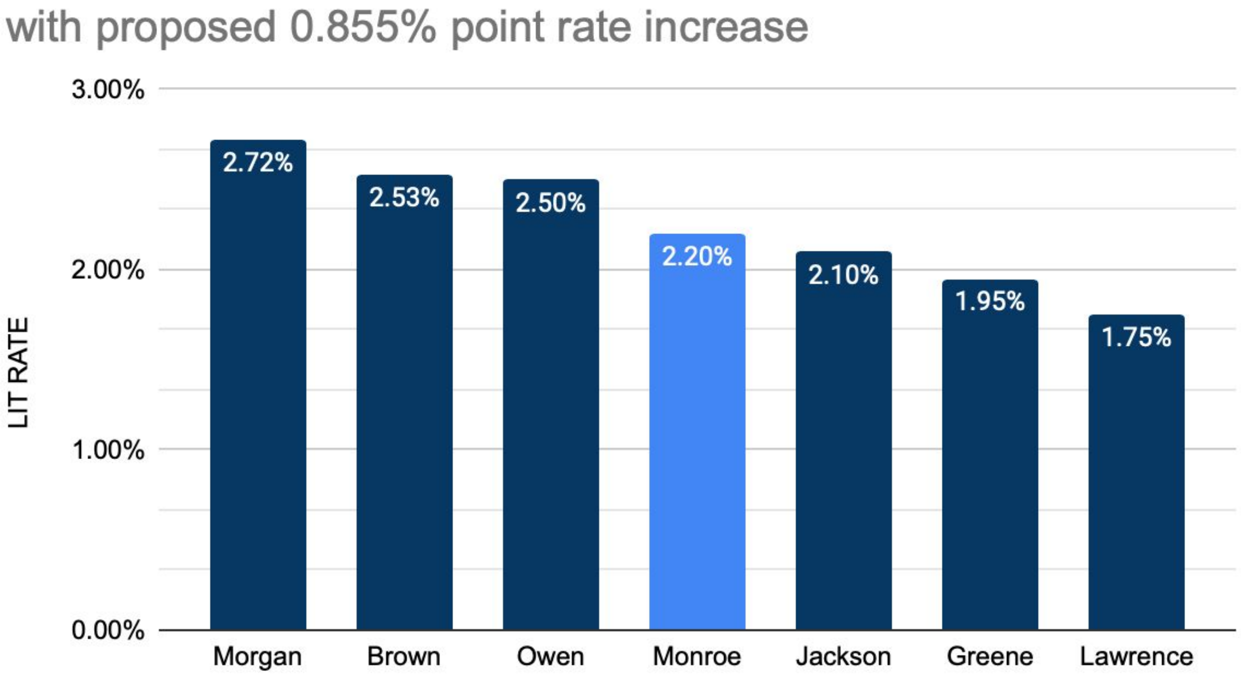
**Figure A.13**




*Source #1: 2022 General Fund Budgets in Gateway*
*Source #2: 2020 Census Population Data*

# PROPOSED LIT COMPARED TO CONTIGUOUS COUNTIES

**Figure A.14**



| Item | Annual Cost | Description |
|---|---|---|
| **PUBLIC SAFETY** | **$4,500,000** | |
| Police - Sworn Officer Salaries | $1,500,000 | Fund the costs associated with the contingent Fraternal Order of Police (FOP) contract |
| Police - Nonsworn officer salaries and public safety programs | $250,000 | Expand the roles and increase the number of Police Social Workers and Community Service Specialists to respond to some non-emergency calls for service and those calls that do not require a law enforcement response. Provide ongoing support for the STRIDE center. |
| Fire - public safety programs | $250,000 | Tailor response options for 911 calls, health and wellness checks, etc. to divert more 911 calls to nonsworn personnel. Explore combining police/fire nonsworn. |
| Police & Fire headquarters | $1,000,000 | Consolidate public safety headquarter operations to replace current damaged and inadequate facilities and to benefit from effeciencies of scale. |
| Fire - new/upgraded stations (4, including new downtown) | $1,500,000 | Replace or repair damaged and aging facilities with new or upgraded facilites, in order to attract and retain employees and meet safety standards |
| **CLIMATE CHANGE PREPAREDNESS AND MITIGATION** | **$6,595,000** | |
| Add Bloomington Transit (BT) Sunday service | $300,000 | Achieve 7-day service for greater consistency and reliability in an effort to boost ridership and reduce single occupancy vehicle use |
| Establish East-West Express Transit line | $2,100,000 | Major new service providing 15 minute frequency across a priority East/West corridor. This route addition would boost attractiveness and convenience for riders and reduce automobile use |
| Enhance In-house BT Para-Transit & Microtransit | $1,400,000 | Increase access/improve equity for people who can't ride fixed-route BT, qualify for paratransit, require special accomodations while enhancing convenience. and expandthose services. City-wide service expansion. |
| Enhance BT weekday service to maximum 30-minute frequency | $820,000 | Improve convenience for all riders, boost ridership, reduce automobile use |
| Establish BT Park & Ride pilot program | $125,000 | Focus on workforce partners to develop pilot program in collaboration with the Transportation Demand Management program; explore a potential "Park and Ride" program for special event traffic management |
| Subsidize BT ridership | $100,000 | Improve access to public transportation with a focus on workforce and low-income riders |

| Item | Annual Cost | Description |
|---|---|---|
| Climate Action Plan (CAP) implementation | $1,750,000 | Multiple efforts toward climate change prevention and preparedness. See Proposed Climate Action Plan Investments in "New Revenue FAQs" for more detail |
| **EQUITY AND QUALITY OF LIFE FOR ALL** | **$3,900,000** | |
| Housing funding, for ownership, rental, Housing Security | $2,000,000 | Improved access to housing equity through funding assistance for the Housing Security Group/homeless; low/mod income renters; low/mod homeowners; support missing housing types |
| Workforce and economic development | $500,000 | Funding for workforce development initiatives, including workforce re-entry, re-skilling and up-skilling, and entrepreneurship training, as well as operations and infrastructure funding for the Trades District Technology Center. |
| Economic equity fund | $1,000,000 | Direct support of low income working residents / families - possible Individual Development Accounts to match savings; focused on direct impact, possibly thru SSCAP, MCUM, Trustees, others |
| Public art and arts development | $200,000 | Funding for maintenance of existing arts spaces, execution of the recommendations of the City's Arts Feasibility Study and Public Arts Master Plan, and support for arts organizations. |
| Local food access and nutrition security | $200,000 | Funding to improve food access and nutrition insecurity. Funding support will focus on partnerships with food service providers to address gaps in local food access for low income and food insecure residents. |
| **ESSENTIAL CITY SERVICES** | **$3,000,000** | |
| Personnel | $1,250,000 | Offer incentives to attract and retain talented City employees, such as pay adjustments, hiring bonuses, creation of new positions, tuition reimbursement, relocation allowance, longevity bonuses, and/or housing assistance. |
| Maintenance/Replacement of Assets | $500,000 | Maintain aging facilities and other physical assets and replace when required |
| Increases to major categories of expenses | $750,000 | Meet obligations for city property & liability Insurance, materials & supplies, repair & maintenance. |
| Lost Revenue Replacement | $500,000 | Replace shortfall resulting from decreased Cable Franchise Fees (cable fees lost to streaming) to fund essential IT infrastructure replacements, cybersecurity, and CATS |
| **TOTAL** | **$17,995,000** | |

# New Revenue: Frequently Asked Questions

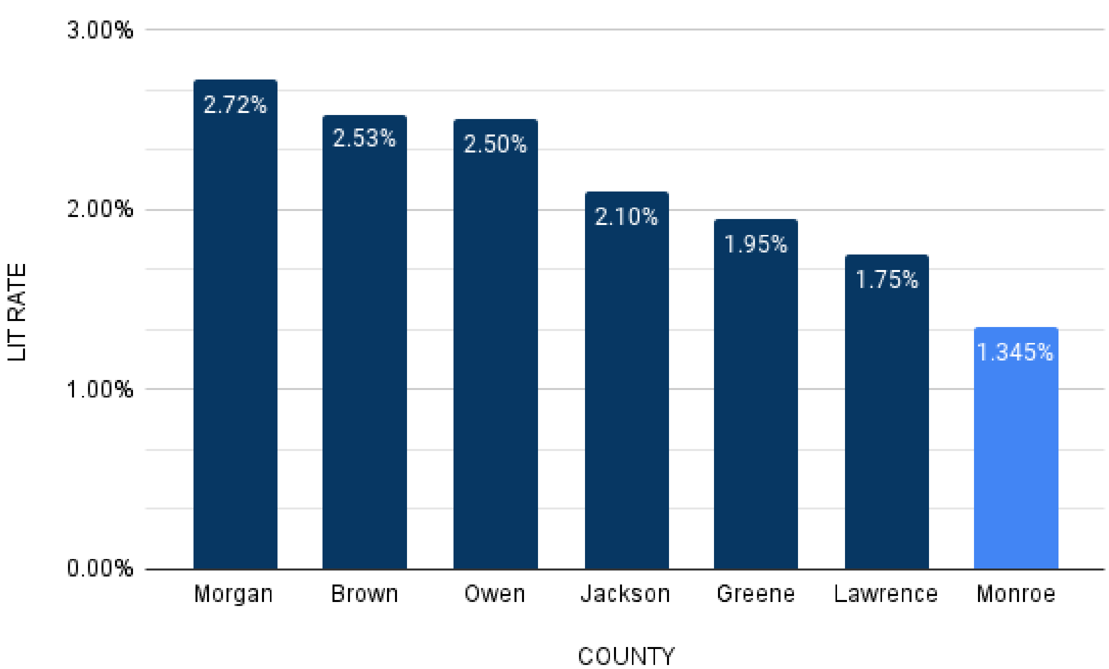
*As of April 8, 2022. As details are developed, this document will be updated.*

## About the Local Income Tax

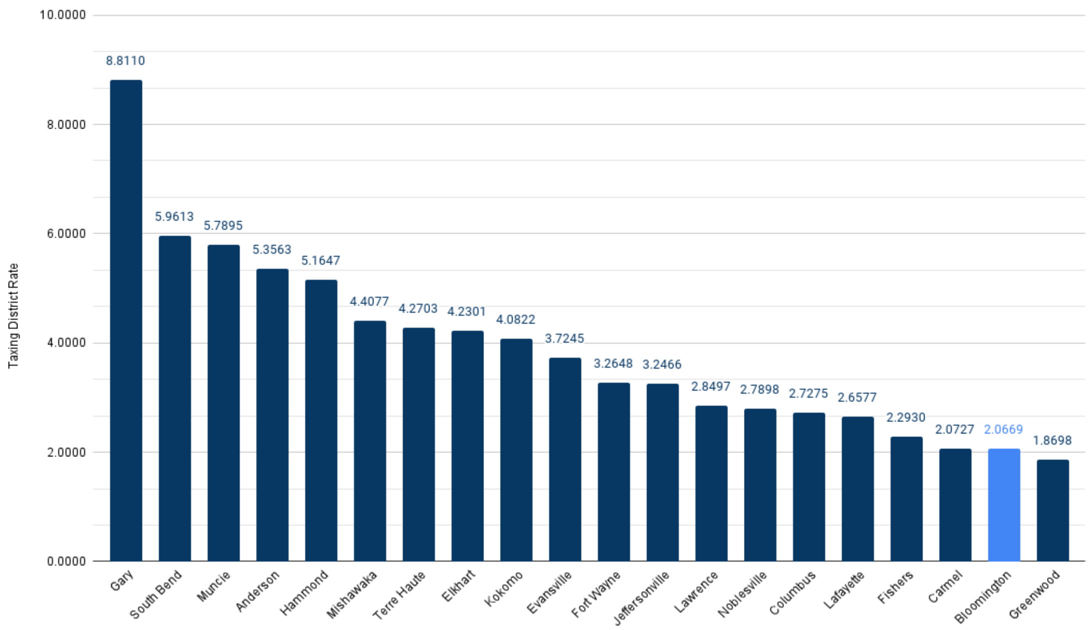
**What is a Local Income Tax (LIT)?**
The Local Income Tax (or LIT) is a tax on income, paid by individuals. It is a proportionate tax on state adjusted gross income, assessed at a flat rate, meaning that the more income you earn, the more tax you pay. The LIT rate is set and imposed countywide.

**What is our current Local Income Tax rate?**
The LIT rate for Monroe County is currently 1.345% of adjusted gross personal income for Monroe County residents.

**How does our tax rate compare to other communities?**
Historically, Monroe County has among the lowest tax rates in the region, including the lowest local income tax rate of our seven contiguous counties. Monroe County's rate ranks 23rd from the lowest among the 92 counties in the state - in the bottom quartile.
*Source: Indiana Department of Revenue*



Note that among Indiana's 20 largest class-2 cities (excluding the unique combined city/county of Indianapolis/Marion County), Bloomington is a very low-tax city. Specifically, we are in the lowest quartile of those cities both for property tax rates and local income tax rates.




*Source: Reedy Financial Group*

**What is the proposed increase percentage for the Local Income Tax (LIT)?**
The proposed rate increase is 0.855%, bringing the total tax to 2.20% of state adjusted gross personal income.

**What is an Economic Development LIT?**
The Economic Development Income Tax (ED LIT) was authorized by the Indiana General Assembly in 1987 to provide funding for local economic development projects that increase local employment opportunities and/or attract or retain businesses, and relevant operational and administrative expenses.

**Are LIT funds distributed based on population or assessed value?**
State law establishes different distribution metrics for different types of local income taxes. ED LIT funds can be allocated based on two different metrics, at the option of the Local Income Tax Council: (1) proportional property tax levy, plus, for Monroe County a welfare allocation amount, or (2) population. The City has proposed using the simpler and more sensible population-based allocation method.

**Are there limitations on what an ED LIT can be spent on?**
No, an ED LIT can be spent on any legal and permitted use of the City.

**Under an ED LIT, how is the funding distributed?**
With an ED LIT, the funding is distributed to the County government and all municipalities within the county, based upon the population of each taxing unit:

- City of Bloomington: 58.3%
- Monroe County: 37.0%
- Town of Ellettsville: 4.6%
- Town of Stinesville: 0.1%

**How much revenue would the additional tax generate?**
Reflecting the healthy growth of our local economy, the following are estimates of the annual revenue impact of a 0.855% point ED LIT increase:

- City of Bloomington: $18.00 million
- Monroe County: $11.40 million
- Town of Ellettsville: $1.43 million
- Town of Stinesville: $44,000

**There are different components of LIT a community can raise: Economic Development (ED LIT), Certified Shares (CS LIT), and Public Safety (PS LIT). Why is an ED LIT being proposed, and why?**
The City of Bloomington is proposing an increase in the economic development local income tax (ED LIT). This type of LIT is the most flexible in terms of what it can be used for, and it focuses the funds raised on County and municipal governments. The PS LIT is currently at the maximum allowable amount, but funds raised through an increase in the ED LIT could be used in part for public safety.

The City gets a higher percentage of ED LIT raised compared to CS LIT (58.3% vs. 37%), so an ED LIT allows for the City to raise the same amount of money without raising the LIT rate as much.

## LIT Logistics and Implementation

**How does the LIT change?**
A new Monroe County tax may be proposed by the Bloomington City Council, the County Council, the Ellettsville Town Council, or the Stinesville Town Council. These Councils together form the “Local Income Tax Council” or LIT Council for Monroe County. The Councils can meet together to vote, or each council may vote on the proposed tax separately. The LIT Council has 100 votes in total, which are distributed among the member councils based on population.

Because a majority of Monroe County's population lives in Bloomington, Bloomington's City Council has a majority share of the votes.

**Is this "taxation without representation?"**
No. The County's Tax Council (made up of the fiscal bodies of the County, Cities & Towns) is designated in each county with the authority to impose a local income tax. Every member of each county fiscal body, like every City Council member, has representation on the LIT Board and each gets to vote on a proposed tax, with proportional voting power. A total number of 100 votes is allocated based on the population of each of the fiscal bodies within that county, as follows:

- Each of 9 City Council members: 6.30 votes
- Each of 7 County Council members: 5.49 votes
- Each of 5 Ellettsville Council members: 0.95 votes
- Each of 3 Stinesville Council members: 0.05 votes

Any combination of affirmative votes adding to more than 50 (out of a total of 100 possible votes) determines the outcome of any LIT council vote on a proposal.

**Are funds raised by the LIT put into a special fund or the general fund for the City, and why?**
In response to feedback received, funds resulting from a LIT increase would go into a special fund to increase transparency. The annual City budget process is public and requires approval by the City Council. This provides an annual opportunity explicitly to review and refine the way the new LIT proceeds are spent.

**Why didn't the LIT proposal published on March 16 include a percentage increase?**
The first step in this process is to identify necessary community projects and programs and how much those projects will cost annually. The resulting LIT rate is primarily just a function of the work done in step one--after the Council and the Mayor and the community have identified desired projects, we sort out the resulting LIT rate as step two of the process. That rate decision is ultimately what the Council formally acts upon – adopting a new rate through formal resolutions and votes. Basic parameters on the limits of a LIT rate are of course part of the conversation, but within those limits, the focus is first on deciding which projects should be funded, not on the rate itself.

As of April 6th, the proposed LIT increase is now identified at 0.855% as an Economic Development LIT using a population allocation method.

**What does the portion of LIT for property tax relief mean?**
Indiana Code 6-3.6-5-4 allows a county to impose a LIT rate to be used as a credit against property taxes. This allows the County to use LIT funds for the purpose of offsetting property

taxes for all residents: this operates essentially as an exemption/credit on a person's property taxes.

**Could we sunset the LIT at a later date if it was no longer necessary?**
Local income taxes can always be reduced or eliminated by the Local Income Tax Council.

**How long have we been paying a LIT in Monroe County?**
A County Option Income Tax (prior name of what is now called the LIT) was first established in 1984, at a rate of 0.5%. In 1989 that rate was increased to 1.0% (with a brief phase in period). That basic rate hasn't changed in 30 years. In 2014 a special new rate of 0.095% was added specifically to fund needed juvenile justice services, and in 2016 a special new rate of 0.25% was added specifically to fund public safety needs across the county.

## Why Raise the LIT?

"These investments are crucially important to our community," said Mayor John Hamilton. "We haven't had a general increase in our LIT for 30 years, during which time our needs have grown substantially and our challenges have mounted. We have more parks and sidewalks now. We have more residents and more employers. We face a climate emergency. Our residents need more affordable housing. New revenue will fund our continued recovery from the pandemic and recession, to assure Bloomington helps people thrive, whatever their station in life."

**Why doesn't the City just cut costs and tighten its belt instead of raising the LIT?**
The City consistently reviews and implements ways to save money through innovation and critical assessment of programs and services provided. Programs and services that have proven necessary and helpful to residents continue; those that are not are improved upon or discontinued. Savings in the past several years include solar panel installations that lower energy costs; adding quick response vehicles to the Fire Department fleet reducing wear and tear on expensive large equipment like ladder trucks; more efficient deployment of Public Works crews in longer day-shifts; and revamping how leaves are collected and processed. The scope of services, programs, and projects that the City seeks to provide to its residents, however, is much larger in scope; savings cannot fund these needs without drastic and damaging reductions in personnel and essential services.

**What would happen if the LIT didn't pass?**
Bloomington would be faced with very significant challenges in the coming years meeting our current level of services and continuing to move forward on economic, social, and environmental justice endeavors. The City Council would not be able to ratify the agreed-upon FOP contract, as there are no funds available for the additional salary costs (approximately $1.5 million annually.) Many other initiatives such as those outlined in the Climate Action Plan (CAP),

affordable housing investments, or public transit improvements would also not have funding available.

**Why is this being proposed now?**
An increase is essential if we are to be proactive about rebuilding our community from this downturn in a way that better incorporates our goals for public safety and economic, racial, and climate justice. We also have to plan ahead, and one never knows if and when the state legislature might adjust a municipality's ability to accomplish new revenues. Mayor Hamilton proposed a 0.5% increase to the LIT in January of 2020, designed for climate change action and preparedness and equity. The onset of the COVID-19 pandemic made this not feasible at the time. In the fall of 2020, Mayor Hamilton proposed a 0.25% increase to the LIT, focused on COVID response, climate action, and economic justice. This did not receive sufficient affirmative votes to be implemented.

As our community recovers from the COVID-19 pandemic, amid rising labor and materials costs, we will not have the resources we need to meet our stated goals as a community without this increase in the LIT. We are very fortunate that federal funds arrived in time to allow continued services. Significant programs and initiatives have been operated in 2021 and 2022 with American Rescue Plan Act (ARPA) dollars to keep our community safe and operating and to "Recover Forward" out of the recession toward a more equitable, sustainable future. Many of these essential efforts cannot continue without an increase in the LIT providing ongoing funding.

The needs are urgent and the sooner the LIT is approved the sooner we will have resources available to address our community's needs.

**How will this revenue help Bloomington recover from the COVID pandemic?**
City government has a responsibility to Bloomington's future even as we seek immediately to repair the damage wrought by the COVID pandemic. The revenues generated by the proposed Local Income Tax are needed not only to compensate for the current downfall but to build the City back in a way that ensures long-term and widely distributed well-being and resiliency. Proposed investments will move us toward this stronger, more just, and more sustainable future by increasing access to jobs, housing, social services, transportation options, quality of life, retaining and attracting well-trained public safety professionals, and more.

## LIT Impact

**The LIT is a flat tax. Can we make the impact of the LIT more progressive (i.e. less burdensome on low-income residents)?**

The State of Indiana doesn't allow municipalities to levy a wealth tax or a progressive income tax. The LIT proposal does include $1,000,000 annually for an economic equity fund that would provide direct benefits to low-income working residents and families.

Social security benefits–both retirement and disability–are not currently taxed by the State of Indiana or local governments such as ours.

**Is the tax just for City residents or would it apply to all residents of Monroe County?**

According to state law, local income taxes are county-wide; so the LIT would apply to all Monroe County residents. Revenues are allocated to different local jurisdictions – cities, counties, etc. – according to a state formula.

**Do all Indiana counties have a tax like this?**
All 92 Indiana counties have a Local Income Tax.

**Locally, how many new taxes or raised taxes have been enacted since 2016?**

Two. The public safety local income tax was adopted by the LIT Council in 2016 at a 0.25% rate to fund police, fire, and dispatch improvements that protect us all. The food and beverage tax, enacted by County Council in 2018, was a new 1% sales tax placed on retail sales of prepared food and beverages and will be used to fund a convention center expansion and other tourism-related projects county-wide.

## About General Obligation Bonds

**What is a General Obligation (G.O.) bond?**
A general obligation bond (G.O. bond) is a municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects. No assets are used as collateral.

**What are the benefits of using G.O. bonds to fund projects?**
G.O. bonds allow cities to fund high-cost long-term capital infrastructure that allows repayment of longer periods of time. Typically bonds are issued with a repayment term of 5 to 30 years. G.O. bonds are backed by and repaid with local property taxes and are guaranteed by the State to receive first priority funding. Because of this repayment source, they generally receive a Governmental unit's highest bond rating and are therefore considered a safe investment. In addition, these G.O. bonds are generally exempt from state and local taxes.

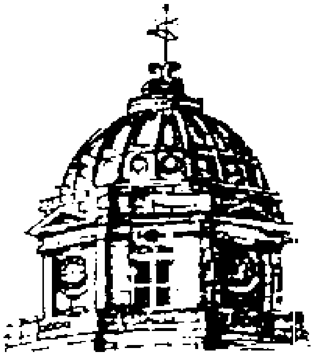
**What projects are best suited to being funded with a G.O. bond?**
One-time capital investments are good projects for being funded with a G.O. bond, such as a multi-use trail or essential equipment replacements.

## Proposed Climate Action Plan Investments

**The proposed LIT increase provides $1,750,000 annually in investments to implement the Climate Action Plan (CAP). What are examples of items that could be implemented?**
The Climate Action Plan can be found here: https://bton.in/ZC2Y5

1. Transportation investments
    a. City fleet vehicle electrification *(CAP TL 2-A: support and encourage electric vehicle adoption)*
    b. Expanded micromobility options (example: electric bike share program) *(CAP TL 1-B)*
    c. Transportation demand management *(CAP TL 1-A: reduce single-occupancy vehicle use)*
2. Energy and built environment investments:
    a. Energy efficiency retrofits for all City buildings *(SAP 8.1: reduce non-renewable energy use from municipal operations)*
    b. Bloomington Housing Authority solar conversion *(CAP EB1: increase distributed renewable energy)*
    c. Continuing and expanding the Solar & Energy Efficiency Loan (SEEL) program for nonprofits and small businesses *(CAP EB5: increase financing options for energy efficiency and renewable energy)*
    d. Continuing and expanding the Bloomington Green Home Improvement Program (BGHIP) for homeowners *(CAP EB5: promote equity in energy and resource costs and ownership)*
3. Local agriculture investments:
    a. Local food purchasing incentive program *(CAP FA 3: increase and stabilize the local food market)*
    b. School food garden program *(CAP FA 3: increase local food supply)*
    c. Incentives for food processor businesses *(CAP FA 3: increase local food supply)*
    d. Increased community gardens *(Sustainability Action Plan 4.2: increase food gardens within the community)*
4. Waste management investments:
    a. Curbside composting program, parallel to trash and recycling services *(CAP WM1: increase organics diversion)*
    b. Recycling services for apartment buildings and other multi-family units (4+) *(CAP WM 1: increase recyclables diversion)*

5. Additional tree canopy measures, such as shade trees in high heat areas and/or private tree planting incentives *(CAP G2: increase citywide tree canopy coverage)*
6. Funding for the Green Ribbon Panel to accelerate climate action *(CAP CE 2: attract, create, and support businesses that are committed to sustainability and climate goals)*



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# INTERNAL MEMORANDUM

Intended Audience: All Monroe County Taxing Entities

Reference: 2022 Monroe County Income Tax Council Voting Allocation

Date: March 10, 2022

1. IC 6-3.6-3-1(b) defines who participates in a local income tax council's membership. (See attached codified law)

2. IC 6-3.6-3-6 defines the allocation of votes for each taxing entity. Item (c) states the distributing of voting shares mimic the same percentage as their percentage of the total county census in the taxing entity.

3. Total 2020 Official Census for Monroe County is 139,718.

4. This document provides the official Monroe County Income Tax Council Vote Allocation Notice with the voting allocation for all official Income Tax Council business. The population percentage for each taxing unit is converted to the total population percentage for the county for that unit and this assigns their numerical voting allocation. The entire county's population is divided by the numerical population for each unit, such that all units add up to 100%. The table below provides the official mathematical computation for each unit.

| **Unit of Government** | **2020 Census Population** | **Percentage of Total County Population** | **Number of Income Tax Votes Computed** |
|---|---|---|---|
| City of Bloomington<br>9 City Council Members | 79,168 | 56.66% | 6.30/Council Member |
| Town of Ellettsville<br>5 Town Council Members | 6,655 | 4.76% | .95/Council Member |
| Town of Stinesville<br>3 Town Council Members | 220 | 0.16% | .05/Council Member |
| Unincorporated County area-voted on by the 7 Members of Monroe County Council | 53,675 | 38.43% | 5.49/Council Member |
| **Total Monroe County** | **139,718** | **100%** | **100.03** |
| | | | |